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Ref. No. 430591.01/017225 00005

September 29, 2005

**PRIVILEGED AND CONFIDENTIAL
VIA HAND DELIVERY**

RECEIVED
SEP 29 2005

INSURANCE COMMISSIONER
COMPANY SUPERVISION

James T. Odiorne, Esq.
Deputy Insurance Commissioner
Office of Insurance Commissioner of Washington
Company Supervision Division
P.O. Box 40259
Olympia, WA 98504-0259

Re: UnitedHealth Group, Inc. Responses to State Insurance Regulators

Dear Jim:

In accordance with your request, we are providing the Office of Insurance Commissioner copies of all the letters prepared by UnitedHealth Group, Inc. to date in which the Company responds to a variety of issues raised by the insurance regulators of the several states involved in the review of the Form A filings by UnitedHealth Group relating to the acquisition of PacifiCare Group. It is our understanding that the OIC may have received, or will soon receive, copies of these same letters directly from each of the respective state insurance regulatory agencies. If that is the case, these letters will be duplicate copies of those letters. Accordingly, we request that the letters enclosed herein be afforded the same confidentiality protection under RCW 48.02.065 as is afforded the letters which the OIC receives from other state insurance regulators, or any other state or federal agency, or the National Association of Insurance Commissioners.

Thank you for your courtesy and assistance in this regard and in your review of this matter.

Very truly yours,



Brian F. Kreger

BK/s
Enclosures

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September 16, 2005

VIA HAND DELIVERY

Mr. Kurt Regner
Chief Financial Analyst
Arizona Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, Arizona 85018

**Re: PacifiCare of Arizona Inc. (NAIC # 95617) - Proposed Acquisition by
UnitedHealth Group Incorporated (the "Applicant") - Form "A" Filing**

Dear Mr. Regner:

Thank you for your review of our Form A filing relating to the above referenced transaction. We are pleased to provide you with the following supplemental materials in response to your request for more information dated September 8, 2005:

1. *Item 4(a) of the Form A indicates that on June 30, 2005, the Applicant executed a commitment letter with J.P. Morgan Securities Inc. and Citigroup Global Markets Inc. which will provide a \$3 billion loan facility. Please provide copies of these commitment letters.*

Please find attached as Exhibit 1 a copy of the JP Morgan Securities, Inc. and Citigroup Global Markets, Inc. Commitment Letter.

2. *Provide any current internal control deficiency letters issued by the independent certified public accountants for the Applicant and its subsidiaries.*

As described in its current securities filings, the Applicant and its subsidiaries had no internal control deficiencies. Attached as Exhibit 2 is a copy of the Applicant's Report of Management and its Report of Independent Registered Public Accounting Firm.

3. *The filing discloses an alternative plan whereby the parties may consider the merging of Point Acquisition LLC with and into PacifiCare Health Systems, Inc. (PHS). Under what circumstances would this alternative be affected and, if it is chosen, when will the Department be notified?*

The proposed structure of the transaction is a forward merger, with Point Acquisition LLC being the surviving entity. While it is generally less complicated from a legal perspective to effectuate a "reverse merger," the federal income tax rules governing tax-free reorganizations are generally more restrictive for reverse mergers than they are for forward mergers. Among the requirements to qualify for tax-free reorganization treatment applicable to reverse mergers (but not forward mergers) is that at least 80% of the target stock be acquired in exchange for voting stock of the acquiror. For these purposes, under current law, the value of the voting stock relative to all other forms of consideration is measured at the effective time of the merger. Based on the value of the Applicant's common stock on July 6, 2005, the consideration to be received by the PHS shareholders would consist of approximately 70% voting stock and 30% cash.

Accordingly, the acquisition was structured as a forward merger in order to qualify for tax-free reorganization treatment for the stock portion of the merger consideration. However, it is possible that the value of Applicant's common stock at the effective time of the merger will have sufficiently increased so that the value of the Applicant's common stock to be received by PHS shareholders will be 80% or more of the aggregate consideration to be received. In such event, the parties have preserved the right in Section 1.08 of the Merger Agreement to effectuate the acquisition of PHS through the simpler structure of a reverse merger. If the parties effectuate the acquisition of PHS through the reverse merger, the Applicant will notify the Department as soon as practicable. In either event, PHS or its successor will be a wholly-owned subsidiary of the Applicant as a result of the merger.

4. *In the future, should additional capital support be required by Pacificare of Arizona (PA) and/or United Health Care of Arizona, Inc. (UHCA), how and from whom would the financial assistance be provided?*

The Applicant has historically been able to infuse and downstream capital to subsidiaries from available cash on hand and cash generated from operations. The Applicant will be able to do this after the closing of the PHS transaction, as well.

As of June 30, 2005, the Applicant had \$305 million in available cash on hand, and had generated cash flow from its various operating businesses of \$2.5 billion. The Applicant expects to generate a total of \$4.7 billion in Cash Flow from Operations in 2005.

5. *Item 5(b) of the Form A indicates that the corporate existence of PA immediately subsequent to the proposed merger will be maintained, and that there are no current plans or proposals to merge or liquidate PA. However, the application further discloses that integration plans will be discussed subsequent to the proposed merger. The Department requests further disclosure on the scope and effect of proposed integration alternatives and requests supplemental information that discusses any expected changes in either PA's and UHCA's current membership. The Department may have concerns if integration plans were to disrupt the availability of health insurance in any jurisdiction*

within the State of Arizona subsequent to the acquisition. The Applicant's commitment to servicing and maintaining these HCSOs' current and future membership is requested.

As described in the Form A, at this time, the parties have only had high level discussions regarding merger integration planning due to anti-trust and other considerations. Following consummation of the Merger, the Applicant intends to closely evaluate the operations of PHS and its affiliates to determine how best to optimize the value of the operation and business experience of PHS. It is expected that upon completion of the Merger that the integration planning process for the companies will take approximately 12 to 18 months. It is currently anticipated that any integration of systems could take up to 2 or 3 years.

The Applicant is committed to managing the integration of the PA business operations with a keen focus on minimizing disruptions to its current stakeholders, including the policyholders of PA. The minimization of any interruption or deterioration in services is one of the key objectives underlying the Applicant's methodology for integration planning and execution. This methodology calls for the establishment of a dedicated integration team which will include functional experts representing each operational component of the combined businesses. Among other things, this team will focus on completing thorough assessments of each of the Applicant's and PA's respective operations, defining the business risks associated with each phase of the integration and developing strategies to minimize those risks. Prior to initiating any components of the integration, readiness assessments will be performed to ensure minimal service interruption, preservation of audit trails and maintenance of critical business records. As the integration progresses, key indicators will be established and monitored to ensure that acceptable service levels to the combined organization's policyholders and other stakeholders is maintained. In addition, the Applicant anticipates providing regular updates to all affected stakeholders so that they will receive timely and complete information. The Applicant will make such changes in the products as may be required by applicable law and regulation, and may make such additional changes that it considers to be prudent and desirable for its business, subject to applicable laws and regulations. The Applicant is committed to continuing to serve the health coverage market in Arizona by offering innovative and affordable products that offer value and options to the consumers.

6. *Consumer and physician complaints continue to be a continuing problem with UHCA in the State of Arizona. As part of the above business plan the Department requests that the Applicant address this ongoing issue and its plan of action to resolve this trend, including timelines for implementation.*

The Applicant has developed a nationwide service enhancement program and is in the process of reviewing it with insurance department officials in states in which we have experienced a recent market conduct examination. This program embodies management's commitment to address any and all operational and compliance issues in a prompt

manner, with a focus on provider and consumer service and corresponding oversight of operations to drive enhanced performance. The program highlights continuous areas of refinement and is designed to include development of key benchmarks against which performance is measured. Several programmatic actions have already been completed, such as the creation of a management oversight committee and enhancement of the DOI complaint response process. A number of additional enhancements are scheduled for completion into 2006. We expect these enhancements to address any questions or concerns raised by insurance departments in the states in which we operate.

7. *Applicant's Form 10-Q as of June 30, 2005, indicates that it may have difficulty integrating PHS and may incur substantial costs in connection with the integration. Please discuss the potential impact these costs may have upon PA and UHCA.*

The Applicant's Form 10-Q contains certain cautionary statements regarding the Company's business that potential investors in its stock should be aware of in making an investment decision. These statements, including statements regarding possible integration risks in connection with the PHS transaction, are necessary because despite the conduct of preliminary due diligence in connection with the pending transaction, certain detailed information regarding PHS and its operations will only be known fully following the merger, due to restrictions on sharing competitive information under antitrust laws. At this point, and based on the information reviewed so far, the Applicant does not anticipate any unusual difficulty or cost in integrating PHS, and the Applicant's experience with the integration of recently acquired companies of similar size and complexity, such as Oxford, MAMSI and Golden Rule, indicates that integration activities will be successful, with minimal impact on the domestic HMOs. The Applicant has demonstrated experience in integrating acquisitions into its organization and has developed a management structure and proven methodology for defining and managing integration efforts, with a focus on minimizing disruptions to current stakeholders, including customers and providers.

8. *The Company and Parent Disclosure Letters do not appear to be attached to the Agreement and Plan of Merger. Please submit.*

We will file the Company and Parent Disclosure Letters with the Department under separate cover.

9. *It appears that this merger may result in additional cost to PA based upon bonus and severance benefits that are to be provided to certain employees of PHS upon completion of the proposed merger. Please provide the Department with specific cost estimates related to employee incentive distributions for PA.*

The Merger will not result in additional costs to PA based upon bonus and severance benefits that are to be provided to employees of PHS upon completion of the Merger. The compensation expense for PHS employees will be recorded at a non-regulated

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holding company (e.g. PacifiCare Health Systems, LLC or UnitedHealthCare Services, Inc.), which will not directly or indirectly be allocated to a regulated entity.

10. It is noted that FMR has a large shareholder interest in both the Applicant and PHS. Please confirm that FMR will not have a 10% or greater interest in the Applicant subsequent to the merger.

The requested information will be provided in a supplemental filing with the Department.

Thank you for your review of the supplemental information provided. Please do not hesitate to call me should you have any further inquiries.

Sincerely,



J. Michael Low
For the Firm

JML/md
Enclosures

August 29, 2005

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BY ELECTRONIC MAIL AND OVERNIGHT COURIER

Ms. Winnie Quan
Senior Insurance Examiner (Specialist)
Financial Analysis Division
California Department of Insurance
300 South Spring Street, 13th Floor
Los Angeles, California 90013

**Re: Acquisition of PacifiCare Life and Health Insurance Company (IDB# 05-5463)
Responses to CDI Letter of August 10, 2005**

Dear Ms. Quan:

We are pleased to provide the following responses to the questions and additional document requests included in your letter of August 10, 2005 in connection with the captioned application. Our responses follow in **bold** following each of your questions or requests.

Financial Projections Submitted on August 2, 2005

UnitedHealth Group Incorporated ("UHG")

1. The projected financial statements for years 2005-2010:

- a. Projected Balance Sheet, Summary of Operations, Statement of Change in Shareholders' Equity Account and Cashflow Statement should be presented in the format as shown in the 10K filing with SEC by UHG.

UHG financial statement projections are attached hereto as Exhibit 1.a. UHG has provided as much detailed information as it is able to forecast in these projections. The detail included in the projections has been prepared as close to the UHG's SEC reporting format as possible.

You will note that UHG pre- and post-acquisition has significant goodwill. This goodwill is associated with its previous acquisitions and the proposed acquisition of PHS. As you are aware, health care entities have significant values to their shareholder/owners that cannot be

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recorded under GAAP or SAP. Those unrecorded values relate to the future profitability associated with internally developed UHG provider network relationships as well as the future cash flows attributable to reputable product lines and services bearing UHG and its affiliates trademarks and trade names that have been internally developed over many years. The national rating agencies take this into consideration when assigning credit ratings to healthcare entities, and UHG's current rating of A from Standard and Poors and A2 from Moody's Investors Service are not expected to be adversely impacted by the proposed acquisition of PHS.

- b. The financial projections should include a Pro Forma Statement of UHG showing the financial effect pre and post proposed acquisition, including the journal entry to explain the adjustments of the pre and post financial position.

Pre and post acquisition financial position and adjustments are attached hereto as Exhibit 1.b

- c. Provide the estimated total cost for the subject acquisition, including the breakdown of amount of acquisition price (cash and issuance of common stocks), executive compensation, financial and legal advisors, and other related expenses. For each of these costs/expenses, identify the name of the party who will be paying for such costs/expenses.

Breakdown of merger-related costs attached as Exhibit 1.c.

- d. What is the amount of goodwill resulting from this acquisition and the total of goodwill pre and post acquisition?

Goodwill calculations are attached as Exhibit 1.d.

- e. In the Form A filing, it was disclosed that the funding for this acquisition will be from cash, debt in the form of commercial paper (maybe converted to corporate bond) and issuance of UHG's common stock. What is the amount of debt that UHG plans to issue? With this additional debt issuance, provide us the debts (long and short term) schedule as of June 30, 2005, pre and post acquisition, and thereafter. Also, please explain in detail the expected source of funds to service the debts as it matures.

Debt schedule and descriptions are attached as Exhibit 1.e.

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- f. Projected Cash Flow should include the details of shareholders' dividend payment amounts to be expected from its subsidiaries, including insurance subsidiaries.

Shareholders' dividends from subsidiaries are attached as Exhibit 1.f.

- g. Is there an Administrative Service Only (ASO) type of business sold or expected to sell by UHG's individual insurance subsidiaries? If so, please provide the details as to the name of insurance subsidiary and the dollar amount in each of the past and next five years.

ASO fees dating back to 2003 and projected through 2010 are attached as Exhibit 1.g.

2. Please provide us the Plan of Operations illustrating in detail how UHG will operate in the following areas: competition, products, sales, underwriting, claims adjusting & payment, advertising, investment and compensation after the proposed acquisition.

UHG's Plan of Operations with particular emphasis on PacifiCare Life and Health Insurance Company is attached as Exhibit 2.

PacifiCare Health Systems Inc. ("PHS")

3. The projected financial statements for years 2005-2010:

- a. Projected Balance Sheet, Summary of Operations, Statement of Change in Shareholders' Equity Account and Cashflow Statement should be presented in the format as shown in the 10K filing with SEC by PHS. The projections should provide sufficient details regarding on the restructure of PHS' current outstanding debts in connection with the acquisition.

PHS financial statement projections are attached hereto as Exhibit 3.a. As we have discussed with you previously and hereby confirm, PHS's long term debt will be paid off as a result of this acquisition. The detail included in the projections has been prepared as close to the SEC reporting format as possible.

- b. Are there any costs/expenses associated with this acquisition that will be paid by PHS? If so, please provide the details as to nature of such costs/expenses,

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amounts, the name of the payees and the accounting treatment with the corresponding financial reporting.

PHS merger related costs/expenses are attached as Exhibit 3.b.

- c. Projected Cash Flow should include the details of shareholders' dividend payment amounts to be expected from its subsidiaries, including insurance subsidiaries.

Shareholders' dividends from subsidiaries for PHS subsidiaries are shown in Exhibit 1.f.

- d. Is there an Administrative Service Only (ASO) type of business sold or expected to sell by PHS' individual insurance subsidiaries? If so, please provide the details as to the name of insurance subsidiary and the dollar amount in the past and next five years.

ASO fees dating back to 2003 and projected through 2010 are shown in Exhibit 1.g.

PacifiCare Life and Health Insurance Company ("PacifiCare L&H")

4. The projected financial statements for years 2005-2010:

Projected Balance Sheet, Summary of Operations, Changes in Capital and Surplus, and RBC Ratio should be presented in the statutory financial statement format.

PacifiCare Life and Health Insurance Company financial projections on a SAP basis are attached as Exhibit 4.

Summary of Senior Management Compensation Arrangements

5. Page 2: As indicated, UHG will pay for PHS the executive compensations in connection with the acquisition and such payments will not be allocated to any regulated entity. Please describe the specific accounting reporting in the financial statement of UHG for said executive compensation, pre and post acquisition. The Applicant is required to provide sufficient information for the Department to evaluate that the cost will not directly or indirectly be allocated to any regulated entity in the premium rate calculation.

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The executives will be paid through UnitedHealthCare Services, Inc., a non-regulated management company for UHG and affiliates.

The compensation expense post closing will be in-line with the compensation expense currently booked by PHS as all of the executives that enter into employment agreements and arrangements will receive base salary and a bonus opportunity at the same level pre and post closing subject to periodic performance reviews and consideration for increases in base salary.

The compensation expense for PHS executives, which will include salaries and wages as well as signing bonuses in cash and restricted stock, will be recorded at a non-regulated holding company (e.g. PacifiCare Health Systems, LLC or UnitedHealthCare Services, Inc.), which will not directly or indirectly be allocated to a regulated entity for the purpose of developing premium rate calculations.

6. Page 5, Table B: please provide detailed calculation of "Value of Equity Incentives closing prior to February 1, 2006" in Column 2 and "Value of Equity Incentives closing on or after February 1, 2006" in Column 3, and explain in detail the monetary significance on the closing between prior to and after February 1, 2006.

The detailed calculation and explanation is attached as Exhibit 6.

7. Pages 8 & 9, Table E-1, Table E-2 and Table F: please identify the name of the CEO shown in these respective Tables.

Howard G. Phanstiel

8. Please elaborate upon the other retirement payouts and/or compensation for PHS' CEO, Mr. Phanstiel, in addition to the \$59 million stock option reported in the subject Summary. Also, please confirm whether Mr. Phanstiel will be retired after the merger. If not, what will be his position?

Upon completion of the merger, Mr. Phanstiel will not retire. As disclosed in the Summary of Senior Management Compensation Arrangements provided to you on August 1, 2005, Mr. Phanstiel executed a new employment agreement which becomes effective upon completion of the merger. This employment agreement provides for an initial term of 2 years and provides that upon completion of the merger, Mr. Phanstiel will be an executive vice president of UnitedHealth Group and will remain Chief Executive Officer of PacifiCare.

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Mr. Phanstiel is not entitled to any compensation upon termination of his employment following the merger for any reason, except as follows: (i) payment of any unused vacation time to the extent required to be paid by California law, (ii) receipt of a non-qualified retirement benefit under PacifiCare's supplemental executive compensation program, which benefit under certain circumstances as previously described in the Summary of Senior Management Compensation Arrangements could be enhanced, (iii) receipt of any compensation which has been deferred by Mr. Phanstiel pursuant to PacifiCare's 401(k) plan or other deferred compensation plans in accordance with the terms of those plans, (iv) a lump sum payment in an amount equal to the full premium for employee-only health, dental and group term life benefit coverages for a 36-month period following termination of employment and (v) office space and administrative support services for a period of 36 months following the date of termination. In addition, if Mr. Phanstiel does not qualify for benefits under UnitedHealth Group's post-retirement medical program at the time of termination of employment, following his exhaustion of COBRA continuation coverage, UnitedHealth Group will provide to Mr. Phanstiel (at Mr. Phanstiel's cost) benefits which are substantially equivalent to the benefits provided under UnitedHealth Group's post-retirement medical program.

Upon termination of his employment for any reason, Mr. Phanstiel is not entitled to continuation of his salary or bonus for any period of time or other severance, except as described above.

Others

9. Please explain in detail the impact on the competition in health care business as a result of the proposed acquisition and address the following:
 - a. For each line of health insurance business offered by UHG and PHS – indemnity, PPO, Point of Service, HMO, etc, please provide us with a table giving details of earned premium, incurred claims, number of policyholders for the past five years.

Please see Exhibit 9.a.i. for premiums and medical claims for California-licensed entities of UHG and PHS for 2003, 2004, and year-to-date 2005.

Please see Exhibit 9.a.ii. for a breakdown of the commercial health insurance membership of UHG and PHS membership for each Metropolitan Statistical Area ("MSA") in California by plan type for 2005, December 2004, December 2003, and December 2002.

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- b. Provide us with a detailed explanation of the specific market segment – individual, small group, large group, national, and geographic area (within and without California) that each product offered by UHG and PHS has served over the past five years. Also, what has been the target customer group when UHG or PHS designed and marketed any specific health insurance product over the last five years?

Please see Exhibit 9.a.ii. for a detailed breakdown of PacifiCare's insured membership in California by market segment, plan type, and MSA for March 2005, December 2004, December 2003, and December 2002. The exhibit also contains Pacific Life membership for May 2005 by market segment and MSA.

United Healthcare ("UHC") and Uniprise members residing in California are enrolled in plans offered by multi-state groups. UHC has not marketed health insurance products in California in the last five years, and UHC members currently residing in California are enrolled in plans offered by groups domiciled outside the state. Thus, UHG has no small group customers in California and only markets to large multi-state employers. Specifically, in California, Uniprise markets health insurance products to multi-state groups with more than 1,000 employees, although as of May 2005, there were no Uniprise employer groups with fewer than 5,000 employees domiciled in California. Outside of California, Uniprise generally markets health insurance products to multi-state groups with more than 5,000 employees. Golden Rule markets health insurance products to individuals and families. Please see Exhibit 9.a.ii. for United Healthcare and Uniprise membership by plan type and MSA for March 2005, December 2004, December 2003, and December 2002, and Golden Rule member by MSA for April 2005.

- c. Provide us with instance when UHG and PHS competed against each other, or one replaced the other over the past five years.

UHG and PHS primarily serve different customer segments in California and consequently are not close competitors for many customers. For example, fully-insured plans account for the overwhelming majority of PacifiCare's membership in California: nearly 98 percent of PacifiCare members residing in the State of California are enrolled in such plans. On the other hand, nearly 95 percent of United Health's members in California are enrolled in self-insured (ASO) plans that are directed towards larger groups.

Similarly, UHG and PHS offer substantially different plan designs in California and are unlikely to be viewed by most employers as close

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competitors. For example, almost 84 percent of PacifiCare's commercial members in California are enrolled in HMO plans, while United does not offer such HMO plans in California. A current customer of United is more likely to switch to other competitors whose products are viewed as closer substitutes for United Health's products than to PacifiCare's HMO product. As a result, United is more substantially constrained competitively by other carriers than it is by PacifiCare, and the merger will not significantly change the competitive dynamics in California.

10. UHG and PHS appear to show some integration concerns which include operating platform and system, resulting from the several major acquisitions in the most recent years. Given the pending acquisition, please provide us a detailed action plan to address the integration concern.

We have not experienced, nor are we aware of, any integration concerns regarding operating platforms and systems in connection with any of our recent transactions. We have developed a nationwide service enhancement plan and are in the process of reviewing it with Insurance Commissioners from states in which UHG has significant market presence or has undergone a recent market conduct examination. This plan embodies management's commitment to address any and all operational and compliance issues in a prompt manner, with a focus on provider and consumer service and corresponding oversight of operations in order to drive performance. The plan highlights continuous areas of refinement and includes development of key benchmarks against which performance is measured. Several actions have already been completed, such as the creation of a management oversight committee and enhancement of the DOI complaint response process. There are a number of additional improvements scheduled for completion into 2006. We expect these improvements to address various service-related questions raised by some Insurance Departments.

11. Per UHG's 10K filing, UHG's premium rate consistently increased at average of 8% in each of last three years. Please justify the reasonableness of premium rate increase and explain the impact on the pricing of health care business as a result of the proposed merger.

We price our products to the expected future cost trends associated with each specific customer. If costs are expected to either increase or moderate, our pricing follows suit. This approach helps balance affordability for our customers with appropriate financial management discipline for our company. While we may refer to aggregate cost and price trends, price trends vary significantly from customer to customer depending on specific facts and circumstances, including product and

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benefit selection, local market dynamics, and case-specific experience. We do not anticipate that the proposed merger will have any impact on our pricing practices.

12. In connection with this acquisition, provide the filing and review status made with other regulators and provide us a copy of the approval letter from respective regulators, when available.

Please see Exhibit 12.

13. Please confirm whether the proposed acquisition will affect all of PacifiCare L&H applications that are currently pending with the Department.

The proposed acquisition does not affect any existing applications of PacifiCare L&H. However, we are unaware of any pending applications.

We trust the foregoing have been responsive to your letter of August 10th. However, if there is anything further you may require, please do not hesitate to contact us.

Very truly yours,

LORD, BISSELL & BROOK, LLP



Carey S. Barney

Enclosures

cc: Bob Loo, Chief, FAD (email only)
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VIA HAND DELIVERY

August 23, 2005

RECEIVED

AUG 23 2005

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Re: **Information Requested in connection with UnitedHealth Group, Incorporated's acquisition of PacifiCare Health Systems, Inc. (the "Acquisition")**

Dear Dan and John:

Here are responses to some of the information requests the Department has made in connection with the Acquisition. For your convenience, we have reproduced the requests to which we are responding in this letter. In addition, our responses are limited in scope in accordance with our discussions with you.

1. *More information about In re United Healthcare Corporation Securities Litigation*

Here are copies (marked as Response #1) of:

A. The Amended Consolidated Class Action Complaint filed in In re United Healthcare Securities Litigation, No. 98-1888 JMR/FLN (D. Minn.), on January 19, 1999.

B. The defendants' Motion to Dismiss, filed on June 7, 1999. (We understand that the Motion was filed in lieu of an Answer and that the parties negotiated a settlement before the Court could rule on the Motion.)

C. The Court's Order and Final Judgment approving the settlement and dismissing the Amended Complaint with prejudice, dated May 18, 2000.

Dan Tollefson
John T. Murphy

-2-

August 23, 2005

Our understanding is that Stephen Helmsley and David Lubben are the only individuals that filed biographical affidavits in connection with the Form A Statement who also gave depositions in this litigation. United has requested copies of the deposition transcripts and will provide them to the Indiana Department as soon as they are available.

2. *A brief description of pending litigation involving the acquiring party or the companies being acquired.*

Here are charts (marked as Response #2) reflecting the pending litigation against the parent companies, UnitedHealth Group, Inc., and PacifiCare Health Systems, Inc.

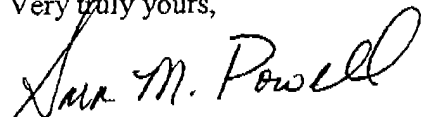
3. *A description of any financial or market conduct exams of the acquiring party or of the companies being acquired, which were concluded in the past three years, including the states conducting the exams, the focus of each exam and the result.*

We have attached a chart (marked as Response #3) reflecting the financial and market conduct exams concluded in the past three years for the PacifiCare companies licensed in Indiana. We will provide you soon with information regarding the financial and market conduct exams concluded in the past three years of the United companies licensed in Indiana.

We understand that there are other pieces of information that the Department has requested that have not yet been provided. The company is working diligently to get the outstanding information compiled. We will provide the remaining responses to you as quickly as possible.

Thank you again for your attention to this matter, and please feel free to contact me if you have any questions.

Very truly yours,



Sara M. Powell

SMP/dfr/mah
Enclosures

KERR, IRVINE, RHODES & ABLES

A PROFESSIONAL CORPORATION

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September 8, 2005

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Oklahoma Insurance Commissioner's Office
P.O. Box 53408
Oklahoma City, Oklahoma 73152-3408

Re: Form A – Proposed Acquisition of PacifiCare of Oklahoma, Inc.
(the domestic HMO), Case Number 05-1172-TRN

Dear Mr. Kramer:

Thank you for your review of our Form A filings relating to the above referenced transaction. We are pleased to provide you with the following supplemental materials in response to your request for more information dated as of August 31, 2005.

1. *Provide the third party background checks for officers and directors.*

The third party background checks for officers and directors have been ordered and the results are being sent directly to the Department. The request was made July 25, 2005 for verification by ChoicePoint and we are checking on why you have not yet received the verification report.

2. *Provide a copy of the opinions of MTS Health Partners and Morgan Stanley that the merger consideration is fair from a financial point of view.*

Please find attached a copy of the opinions of MTS Health Partners and Morgan Stanley that the merger consideration is fair from a financial point of view. (Attachment '1')

3. *Explain the "reverse merger" option listed in the merger agreement. Why is it listed and when would it occur? Set out which option will be used.*

The proposed structure of the transaction is a forward merger, with Point Acquisition LLC being the surviving entity. While it is generally less complicated from a legal perspective to effectuate a "reverse merger," the federal income tax rules governing tax-free reorganizations are generally more restrictive for reverse mergers than they are for

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forward mergers. Among the requirements to qualify for tax-free reorganization treatment applicable to reverse mergers (but not forward mergers) is that at least 80% of the target stock be acquired in exchange for voting stock of the acquiror. For these purposes, under current law, the value of the voting stock relative to all other forms of consideration is measured at the effective time of the merger. Based on the value of the Applicant Common Stock on July 6, 2005, the consideration to be received by the PacifiCare shareholders would consist of approximately 70% voting stock and 30% cash.

Accordingly, the acquisition was structured as a forward merger in order to qualify for tax-free reorganization treatment for the stock portion of the merger consideration. However, it is possible that the value of Applicant Common Stock at the effective time of the merger will have sufficiently increased so that the value of the Applicant Common Stock to be received by PacifiCare shareholders will be 80% or more of the aggregate consideration to be received. In such event, the parties have preserved the right in Section 1.08 of the Merger Agreement to effectuate the acquisition of PacifiCare through the simpler structure of a reverse merger. In either event, PacifiCare or its successor will be a wholly-owned subsidiary of the Applicant as a result of the merger.

4. *Consumer complaints and negative regulatory actions taken against the Applicant appear to be a continuing problem. Why is this a continuing problem? Please set out a specific plan of action to reduce the number of consumer complaints and regulatory actions post merger.*

The Applicant believes that the issues referred to by the Department are improving based on recent efforts undertaken by the Applicant in the areas of provider and consumer service. The Applicant's complaint tracking system, which is based on complaints received, shows that fully-insured complaints through the first 8 months of 2005 represent an improvement over prior years' complaints. Despite this improvement, the Applicant recognizes that its past performance has not always lived up to the standard of service it sets for itself, and it continues to diligently monitor progress for claims processing and has dedicated significant resources toward improving its performance.

To this end, the Applicant has developed a nationwide service enhancement program, which embodies management's commitment to address any and all operational and compliance issues in a prompt manner, with a focus on provider and consumer service and corresponding oversight of operations to drive improved performance. The program highlights continuous areas of refinement and is designed to include development of key benchmarks against which performance is measured. Several programmatic actions have already been completed, such as the creation of a management oversight committee and enhancement of the DOI complaint response process. A number of additional improvements are scheduled for completion into 2006. The Applicant is committed to providing excellent service to all of its constituencies.

5. *Provide specific sources of possible future capital infusions into the insurance subsidiaries.*

The Applicant has historically been able to infuse and downstream capital to subsidiaries from available cash on hand and cash generated from operations. The Applicant will be able to do this after the closing of the PacifiCare transaction, as well.

As of June 30, 2005, the Applicant had \$305 million in available cash on hand, and had generated cash flow from its various operating businesses of \$2.5 billion. The Applicant expects to generate a total of \$4.7 billion in Cash Flow from Operations in 2005.

6. *Will there be any changes to forms previously submitted to and approved by the Department? Is so, please explain.*

The Applicant has no plans to change any forms or products currently issued in the Oklahoma market as a result of the transaction. If following the merger, the Applicant proposes to make any changes to products or forms it will make any required filings with the Department consistent with Oklahoma insurance regulations.

7. *Documents provided to the Department indicate that the Applicant has executed a commitment letter with J.P. Morgan Securities, Inc. and Citigroup Global Markets, Inc., for backup liquidity/financing to the proposed commercial paper issuance. Please provide copies of those commitment letters.*

Please find attached a copy of the JP Morgan Securities, Inc. and Citigroup Global Markets, Inc. Commitment Letter. (Attachment '2')

8. *Provide internal control deficiencies for Applicant and its subsidiaries that supported statements in the CPA report and SEC filings.*

As described in its current securities filings, the Applicant and its subsidiaries had no internal control deficiencies. Attached, please find its "Report of Management" and its "Report of Independent Registered Public Accounting Firm." (Attachment '3')

9. *The applicant's 10Q states that UnitedHealth Group may have difficulty integrating PacifiCare and may incur substantial costs in connection with the integration. The 10Q also sets out factors that may cause the difficulties and costs. Please provide a description of the impact on the domestic HMO.*

The Applicant's Form 10-Q contains certain cautionary statements regarding the Company's business that potential investors in its stock should be aware of in making an investment decision. These statements, including statements regarding possible integration risks in connection with the PacifiCare transaction, are necessary because despite the conduct of preliminary due diligence in connection with the pending transaction, certain detailed information regarding PacifiCare and its operations will only be known fully following the merger, due to restrictions on sharing competitive information under antitrust laws. At this point, and based on the information reviewed so

Mr. Karl F. Kramer, Esq.

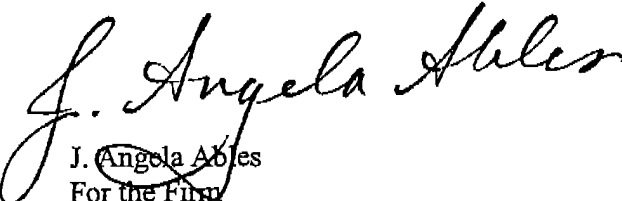
September 8, 2005

Page 4 of 4

far, the Applicant does not anticipate any unusual difficulty or cost in integrating PacifiCare, and the Applicant's experience with the integration of recently acquired companies of similar size and complexity, such as Oxford, MAMSI and Golden Rule, indicates that integration activities will be successful, with minimal impact on the domestic HMO. The Applicant has demonstrated experience in integrating acquisitions into its organization and has developed a management structure and proven methodology for defining and managing integration efforts, with a focus on minimizing disruptions to current stakeholders, including customers and providers.

Thank you for your review of the supplemental information provided. Please do not hesitate to call me should you have any further inquiries.

Sincerely,



J. Angela Ables
For the Firm

cc: John McCarter
Mike McDonnell, UnitedHealthcare
Nancy Monk, PacifiCare Health Systems, Inc

MTS HEALTH PARTNERS, L.P.

Private and Confidential

July 6, 2005

Board of Directors
PacifiCare Health Systems, Inc.
5995 Plaza Drive
Cypress, CA 90630

Gentlemen:

We understand that PacifiCare Health Systems, Inc. (the "Company") proposes to enter into an Agreement and Plan of Merger, expected to be dated as of July 6, 2005 (the "Agreement"); among UnitedHealth Group Incorporated (the "Parent"), Point Acquisition LLC, a wholly owned subsidiary of the Parent ("Merger Sub"), and the Company, pursuant to which (i) the Company will be merged with and into Merger Sub (the "Merger") and (ii) each issued and outstanding share (collectively, the "Shares") of common stock, par value \$0.01 per share (the "Company Common Stock"), of the Company, subject to certain exceptions, will be converted into the right to receive both (a) \$21.50 in cash (the "Cash Consideration") and (b) 1.10 shares of common stock, par value \$0.01 (the "Parent Common Stock"), of the Parent (together with the Cash Consideration, the "Merger Consideration").

You have requested our opinion as to the fairness, from a financial point of view, to the holders of the Shares of the Merger Consideration to be received by such holders pursuant to the Merger.

In the course of performing our review and analyses for rendering the opinion set forth below, we have (i) reviewed a draft copy of the Agreement dated July 6, 2005 and certain documents related thereto (the "Draft Agreement"); (ii) reviewed annual reports to stockholders and Annual Reports on Form 10-K of each of the Company and the Parent for the five years ended December 31, 2004; (iii) reviewed the Quarterly Reports on Form 10-Q of each of the Company and the Parent for the quarters ended March 31, 2004, June 30, 2004, September 30, 2004, and March 31, 2005; (iv) reviewed the Current Reports on Form 8-K of each of the Company and the Parent for the period from January 1, 2004 through July 5, 2005; (v) reviewed certain financial projections concerning the Company for 2005 prepared by the Company's management; (vi) reviewed certain public research reports concerning the Company prepared by certain research analysts (including the financial projections contained therein) for the years ending December 31, 2005 and 2006 and reviewed and discussed such reports (and financial projections) with management of the Company; (vii) reviewed certain financial projections concerning the Parent prepared by the Parent's management; (viii) reviewed certain public research reports concerning the Parent prepared by certain research analysts (including financial projections

contained therein) for the years ending December 31, 2005 and 2006 and reviewed and discussed such reports (and financial projections) with management of the Parent; (ix) reviewed a range of revenue enhancements and cost savings estimated to be realized from the Merger prepared by the Company's management (collectively, the "Estimated Synergies"); (x) held discussions with members of management of each of the Company and the Parent regarding the businesses, operations, financial condition and prospects of their respective companies; (xi) reviewed the historical reported prices and trading multiples of shares of the Company Common Stock and the Parent Common Stock; (xii) reviewed publicly available financial data, stock market performance data and trading multiples of certain companies the securities of which are publicly traded, as we deemed appropriate; (xiii) reviewed the financial terms, to the extent publicly available, of certain recent business combinations that we considered to be comparable to the Merger; (xiv) reviewed the pro forma consolidated financial results, financial condition and capitalization of the Parent after giving effect to the Merger; and (xv) performed such other financial studies, analyses and investigations, as we deemed appropriate.

In arriving at the opinion set forth below, we have assumed that the executed Agreement and documents related thereto will be in all material respects identical to the Draft Agreement. In addition, we have assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by us for purposes of this opinion. We have not conducted any independent verification of the financial projections of the Company, the Parent or the combined companies or the Estimated Synergies. With respect to the financial projections prepared by management of the Company, we have assumed, without independent verification that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of the Company. For purposes of our analysis of the Company and after discussions with the Company's management, with your consent, we have also used and relied on publicly available projections of certain equity research analysts who report on the Company. We have assumed, without independent verification, with your consent and based upon discussions with the Company's management, that such projections represent reasonable estimates and judgments as to the future financial performance of the Company. With respect to the financial projections prepared by management of the Parent, we have assumed, without independent verification that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of the Parent. For purposes of our analysis of the Parent and after discussions with Parent's management, with your consent, we have also used and relied on publicly available projections of certain equity research analysts who report on the Parent. We have assumed, without independent verification, with your consent and based upon discussions with Parent's management, that such projections represent reasonable estimates and judgments as to the future financial performance of the Parent. We have also assumed, with your consent, without independent verification, that the Estimated Synergies represent reasonable estimates and judgments of management of the Company.

Further, we are not actuaries and our services did not include any actuarial determinations or evaluations by us or an attempt to evaluate actuarial assumptions. In that respect, we have made no analysis of, and express no opinion as to, the adequacy of the reserves of the Company or the Parent and have relied upon information supplied to us by the Company and the Parent as to such adequacy. We also have assumed that all conditions precedent to the consummation of the Merger set forth in the Agreement will be satisfied in accordance with the Agreement without material modification, waiver or delay, and that all governmental, regulatory or other consents and approvals necessary for the consummation of the Merger will be obtained without any material adverse effect, in any way meaningful to our analysis, on the Company or the Parent or the expected benefits of the Merger. In

addition, we have not made any independent evaluations or appraisals of the assets or liabilities (including any contingent derivatives, off-balance-sheet assets or liabilities, or otherwise) of the Company or the Parent or any of their respective subsidiaries, and we have not been furnished with any such evaluations or appraisals.

Our opinion set forth below is necessarily based on economic, market, financial and other conditions as they exist, and on the information made available to us, as of the date of this letter. It should be understood that, although subsequent developments may affect the conclusion reached in such opinion, we do not have any obligation to update, revise or reaffirm this opinion, unless otherwise mutually agreed to by the Company and us. Our opinion does not address your underlying business decision to proceed with the Merger, the relative merits of the Merger compared to other alternatives available to the Company, or whether such alternatives exist. It is understood that this letter is for your information in connection with your consideration of the Merger and does not constitute a recommendation to you or to any stockholder of the Company as to how such stockholder should vote on any proposal to approve the Merger or the Agreement.

In addition, we express no opinion as to the prices or ranges of prices at which shares of Company Common Stock or shares of Parent Common Stock will trade at any time following the announcement or consummation of the Merger.

As part of our investment banking services, we are regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, and valuations for corporate and other purposes. We have acted as the Company's financial advisor in connection with the Agreement and will receive a fee for our services, a significant portion of which is contingent upon consummation of the Merger. We will also receive a fee for rendering this opinion. We have in the past and may in the future provide, investment banking and financial services to the Company and its subsidiaries, for which we have received, and expect to receive, compensation.

Based upon and subject to the foregoing, our experience as investment bankers, our review and analyses as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Merger Consideration to be received by the holders of the Shares pursuant to the Merger is fair, from a financial point of view, to such holders.

Very truly yours,

MTS HEALTH PARTNERS, L.P.

By: 

Curtis S. Lane

Senior Managing Director

Morgan

1999 Avenue of the Stars
Suite 2400
Los Angeles, CA 90067
tel 310 788 2000

July 6, 2005

Board of Directors
PacifiCare Health Systems, Inc.
5995 Plaza Drive
Cypress, California 90630-5028

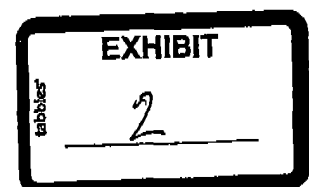
Members of the Board:

We understand that PacifiCare Health Systems, Inc. (the "Company"), UnitedHealth Group Incorporated ("UnitedHealth") and Point Acquisition LLC, a wholly owned subsidiary of UnitedHealth ("Acquisition Sub"), propose to enter into an Agreement and Plan of Merger, substantially in the form of the draft dated July 6, 2005 (the "Merger Agreement"), which provides, among other things, for the merger of the Company with and into Acquisition Sub (the "Merger"). Pursuant to the Merger, Acquisition Sub will continue as the surviving entity in the Merger, and each outstanding share of common stock, par value of \$0.01 per share, of the Company (the "Company Common Stock"), other than shares held in treasury or otherwise held by the Company or as to which dissenters' rights have been perfected, will be converted into the right to receive (a) 1.10 shares of common stock, par value of \$0.01 per share, of UnitedHealth (the "UnitedHealth Common Stock") (the "Stock Consideration") and (b) \$21.50 in cash, without interest (together with the Stock Consideration, the "Consideration"). The terms and conditions of the Merger are more fully set forth in the Merger Agreement.

You have asked for our opinion as to whether the Consideration to be received by the holders of shares of the Company Common Stock pursuant to the Merger Agreement is fair from a financial point of view to such holders.

For purposes of the opinion set forth herein, we have:

- i) reviewed certain publicly available financial statements and other business and financial information of the Company and UnitedHealth, respectively;
- ii) reviewed certain internal financial statements and other financial and operating data concerning the Company prepared by the management of the Company;
- iii) reviewed certain financial projections concerning the Company for 2005 prepared by the management of the Company and certain public research reports concerning the Company prepared by certain equity research analysts and discussed with senior executives of the Company such research reports (including the financial projections contained therein);
- iv) discussed the past and current operations and financial condition and the prospects of the Company with senior executives of the Company;
- v) reviewed certain internal financial statements and other financial and operating data concerning UnitedHealth prepared by the management of UnitedHealth;
- vi) reviewed certain financial projections concerning UnitedHealth for 2005 prepared by the management of UnitedHealth and reviewed certain public research reports concerning



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UnitedHealth prepared by certain equity research analysts (including the financial projections contained therein);

- vii) discussed the past and current operations and financial condition and the prospects of UnitedHealth with senior executives of UnitedHealth;
- viii) reviewed the reported prices and trading activity for the Company Common Stock and the UnitedHealth Common Stock;
- ix) compared the financial performance of the Company and UnitedHealth and the prices and trading activity of the Company Common Stock and the UnitedHealth Common Stock with that of certain other comparable publicly-traded companies and their securities;
- x) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- xi) discussed with the management of the Company information regarding certain strategic, financial and operational benefits anticipated to result from the Merger;
- xii) reviewed the pro forma impact of the Merger on UnitedHealth's earnings per share and capital structure;
- xiii) reviewed the draft Merger Agreement, dated July 6, 2005, and certain related documents;
- xiv) considered such other factors and performed such other analyses as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by us for the purposes of this opinion. With respect to the financial projections prepared by the management of the Company, we have assumed without independent verification that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of the Company. For purposes of our analysis of the Company and after discussions with the Company's management, we have also used and relied on publicly available projections of certain equity research analysts who report on the Company. We have assumed, with your consent and based upon discussions with the Company's management, that such projections represent reasonable estimates and judgments as to the future financial performance of the Company. With respect to the financial projections prepared by management of UnitedHealth, we have assumed without independent verification that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of UnitedHealth. For purposes of our analysis of UnitedHealth, we have also used and relied on publicly available projections of certain equity research analysts who report on UnitedHealth. We have assumed, with your consent, that such projections represent reasonable estimates and judgments as to the future financial performance of UnitedHealth. We have also assumed, with your consent, without independent verification, that the information regarding certain strategic, financial and operational benefits anticipated to result from the Merger represent reasonable estimates and judgments of the management of the Company.

We have assumed that the Merger will be consummated in accordance with the terms set forth in the Merger Agreement without material modification, waiver or delay, including, among other things, that the Merger will be treated as a tax-free reorganization pursuant to the Internal Revenue Code of 1986, as amended. In addition, we have assumed that in connection with receipt of all necessary regulatory and other approvals and consents for the proposed Merger, no restrictions will be imposed that would have a



material adverse effect on the contemplated benefits expected to be derived from the Merger. We are not legal, tax or regulatory advisors and have relied upon, without independent verification, the assessment of the Company and its legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. We have not made any independent valuation or appraisal of the assets or liabilities of the Company or UnitedHealth, nor have we been furnished with any such valuations or appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to any acquisition, business combination or other extraordinary transaction involving the Company or any of its assets. This opinion does not address the underlying business decision by the Company to enter into the Merger Agreement or the relative merits of the Merger compared to other alternatives available to the Company, or whether such alternatives exist.

We have been retained to provide only a financial opinion letter in connection with the Merger. As a result, we have not been involved in structuring, planning or negotiating the Merger. We will receive a fee for our services upon rendering of this financial opinion. In the past, Morgan Stanley & Co. Incorporated ("Morgan Stanley") and its affiliates have provided financial advisory and financing services for the Company and UnitedHealth and have received fees for the rendering of these services. In particular, we acted as co-lead agent in the Company's current senior credit facility, were a bookrunner on UnitedHealth's offering of \$500,000,000 aggregate principal amount of 4.875% Notes due March 15, 2015, were an underwriter on UnitedHealth's offerings of \$250,000,000 aggregate principal amount of 3.8% fixed-rate notes due February 2009, \$250,000,000 aggregate principal amount of 4.8% fixed-rate notes due February 2014, \$550,000,000 aggregate principal amount of 3.4% fixed-rate notes due August 2007, \$450,000,000 aggregate principal amount of 4.1% fixed-rate notes due August 2009 and \$500,000,000 aggregate principal amount of 5.0% fixed-rate notes due August 2014, and are a lender under UnitedHealth's current five-year revolving credit facility. Morgan Stanley is a full service securities firm engaged in securities trading, investment management and brokerage services. In the ordinary course of trading, brokerage, investment management and financing activities, Morgan Stanley or its affiliates may actively trade the debt and equity securities or senior loans of the Company or UnitedHealth for its own accounts or for the accounts of its customers or its managed investment accounts and, accordingly, may at any time hold long or short positions in such securities or senior loans.

It is understood that this letter is for the information of the Board of Directors of the Company and may not be disclosed or referred to publicly or used for any other purpose without our prior written consent, except that this opinion may be included in its entirety in any filing made by the Company in connection with the Merger with the U.S. Securities Exchange Commission. Our opinion is limited to the fairness from a financial point of view of the Consideration to be received by the holders of the Company Common Stock in the Merger. In addition, this opinion does not in any manner address the prices at which UnitedHealth Common Stock will trade following consummation of the Merger and Morgan Stanley expresses no opinion or recommendation as to how the stockholders of the Company should vote at the stockholders' meeting held in connection with the Merger.

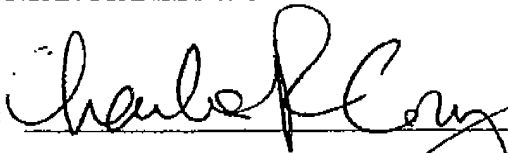
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Based upon and subject to the foregoing, we are of the opinion on the date hereof that the Consideration to be received by the holders of shares of Company Common Stock pursuant to the Merger Agreement is fair from a financial point of view to such holders.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By:

A handwritten signature in cursive script, appearing to read "Charles R. Cory", written over a horizontal line.

Charles R. Cory
Managing Director

A large, handwritten circular flourish or scribble, possibly a stylized "O" or a decorative mark, located to the right of the signature line.

Report of Management

The management of UnitedHealth Group is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The company's internal control system is designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The company's internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2004. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on our assessment and those criteria, we believe that, as of December 31, 2004, the company maintained effective internal control over financial reporting.

The company's independent registered public accounting firm has audited management's assessment of the effectiveness of the company's internal control over financial reporting as of December 31, 2004, as stated in the Report of Independent Registered Public Accounting Firm, appearing under Item 9A, which expresses unqualified opinions on management's assessment and on the effectiveness of the company's internal controls over financial reporting as of December 31, 2004.

February 28, 2005

/s/ WILLIAM W. MCGUIRE, MD

William W. McGuire, MD
Chairman and Chief Executive Officer

/s/ STEPHEN J. HEMSLEY

Stephen J. Hemsley
President and Chief Operating Officer

/s/ PATRICK J. ERLANDSON

Patrick J. Erlandson
Chief Financial Officer

EXHIBIT

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of UnitedHealth Group Incorporated and Subsidiaries:

We have audited management's assessment, included in the accompanying Report of Management, that UnitedHealth Group Incorporated and Subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2004 of the Company and our report dated February 28, 2005 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP
Minneapolis, Minnesota
February 28, 2005



SCHWABE, WILLIAMSON & WYATT
ATTORNEYS AT LAW

Pacwest Center, 1211 SW 5th Ave., Suite 1900, Portland, OR 97204 | Phone 503-222-9981 | Fax 503-796-2900 | www.schwabe.com

MITCHELL E. HORNECKER
Admitted in Oregon and Washington
Direct Line: (503) 796-2891
E-Mail: mhornecker@schwabe.com

August 12, 2005

W. Richard Frawley
Insurance Administrator
Oregon Department of Consumer and Business
Services
Insurance Division
350 Winter St. NE, Room 440
PO Box 14480
Salem, Oregon 97309-0405
Attn: Joel Ario

Re: Proposed Acquisition of PacifiCare of Oregon, Inc.
Our File No.: 113730/143508

Thank you for your initial review of the documents we submitted in connection with the above referenced transaction. We are pleased to submit the following responses to your inquiry for more information, dated as of July 27, 2005.

1. *Please provide copies of board resolutions, certified by the corporate secretary, for the Applicant authorizing the proposed transaction.*

Enclosed please find a copy of the UnitedHealth Group board resolution, certified by the corporate Secretary, for the Applicant authorizing the proposed transaction.

2. *Will any notice to policyholders be provided to PacifiCare of Oregon, Inc. (the "Contractor") insureds? If so, please provide a copy of such notice.*

Yes, a notice will be provided to PacifiCare of Oregon, Inc. insureds after the closing of the transaction. A draft of such notice will be provided to the Division for review.

3. *Will there be any changes to the Contractor's policy provisions? If so please explain.*

No, no policy provisions will be changed as a result of the Merger.

Portland, OR 503-222-9981 | Salem, OR 503-339-7712 | Bend, OR 541-749-4044
Seattle, WA 206-622-1711 | Vancouver, WA 360-684-7551 | Washington, DC 202-488-4302

PDX/113730/143508/MEH/1335092.1

4. *If it is the intention of the Applicant and the Contractor to waive its right to a hearing on this acquisition, please request each provide a statement to that effect.*

The Applicant and the Contractor each hereby respectfully waive their respective right to a hearing on this matter.

5. *Please provide certified copies that the transaction was approved by all other jurisdictions that have regulatory authority over the proposed activity, when available.*

Certified copies of approval notices from all other jurisdictions that have regulatory authority over the proposed activity will be provided when they are available.

6. *Please provide an original certificate of good standing from the State of Minnesota for the Applicant.*

Please find enclosed an original certificate of good standing from the State of Minnesota for the Applicant.

7. *Please describe in detail the following that relate to the applicant that occurred during the last five years:*

(a) Any fines, penalties, forfeiture, restitution, or injunctions that have been imposed by regulators, civil courts, or criminal courts in any jurisdiction outside of Oregon;

To be provided in a supplementary response under separate cover.

(b) Any consent agreements entered into with regulators, civil courts, criminal courts, attorneys general, or the United States Department of Justice;

To be provided in a supplementary response under separate cover.

(c) Any regulatory, civil, or criminal investigations pending against Applicant; and

To be provided in a supplementary response under separate cover.

(d) Any revocations or suspensions of certificates of authority, business licenses, or permits in any jurisdiction of the Applicant or any of its wholly owned subsidiaries.

To be provided in a supplementary response under separate cover.

8. *The Form A filing, item #14, Signature and Certification, indicated the Form A was pursuant to the requirements of ORS 765.517 to 732.592. It should be ORS 732.517 to 732.592. Additionally a corporate seal was not affixed to the Form A signature page. Please provide an amended signature page that includes a corporate seal. If the Applicant does not have a corporate seal, please provide a statement so indicating and acknowledgement that the applicable statutes are ORS 732.517 to 732.592.*

SW

The Applicant acknowledges that the certification should read "ORS 732.517 to 732.592."

The Applicant does not have a corporate seal.

9. *The Agreement and Plan of Merger, dated as of July 6, 2005, Article I, Section 1.08, Alternative Merger Structure, is a provision that provides for a "reverse merger." Please explain the reason for this provision. This provision raises a question as to the specific transaction we are requested to approve.*

While it is generally less complicated from a legal perspective to effectuate a "reverse merger," the federal income tax rules governing tax-free reorganizations are generally more restrictive for reverse mergers than they are for forward mergers. Among the requirements to qualify for tax-free reorganization treatment applicable to reverse mergers (but not forward mergers) is that at least 80% of the target stock be acquired in exchange for voting stock of the acquiror. For these purposes, under current law, the value of the voting stock relative to all other forms of consideration is measured at the effective time of the merger. Based on the value of the Applicant Common Stock on July 6, 2005, the consideration to be received by the PacifiCare shareholders would consist of approximately 70% voting stock and 30% cash. Accordingly, the acquisition was structured as a forward merger in order to qualify for tax-free reorganization treatment for the stock portion of the merger consideration. However, it is possible that the value of Applicant Common Stock at the effective time of the merger will have sufficiently increased so that the value of the Applicant Common Stock to be received by PacifiCare shareholders will be 80% or more of the aggregate consideration to be received. In such event, the parties have preserved the right in Section 1.08 of the Merger Agreement to effectuate the acquisition of PacifiCare through the more simpler structure of a reverse merger. In either event, PacifiCare or its successor will be a wholly-owned subsidiary of UnitedHealth as a result of the merger.

10. *Please provide greater detail of the consideration as to how the conversion of company common stock exchange ratio of 1.10 and the cash consideration of \$21.50 was determined.*

Using a variety of methodologies, and considering a number of factors, UnitedHealth Group determined an approximate value of PacifiCare. Based on negotiations between representatives of the parties, the parties agreed upon a per share consideration, which based on the closing price per UnitedHealth Group common share on July 5, 2005 (the last full trading day before announcement of the proposed merger) implied a value of \$80.05 per share of PacifiCare common stock. The parties agreed to allocate the merger consideration between shares of UnitedHealth common stock and cash to, among other things, provide the opportunity for PacifiCare stockholders to participate, as UnitedHealth Group shareholders, in a significantly larger and more diversified company, but yet provide a fixed amount of cash per share to provide certainty of the value of the cash consideration. In determining the allocation of the merger consideration between shares of UnitedHealth common stock and cash, the allocation is consistent with past similar transactions undertaken by UnitedHealth and consistent with UnitedHealth's current capital structure.



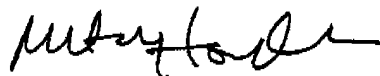
Oregon Department of Consumer and
Business Services, Insurance Division
August 12, 2005
Page 4

11. *Please provide a pro forma financial statement of the Contractor for the three years following the proposed transaction.*

Enclosed please find a pro forma financial statement of the Contractor for the three years following the proposed transaction.

We appreciate your review of these additional documents. Please do not hesitate to call me at the number above should you have any further inquiries.

Very truly yours,



Mitchell E. Hornecker

MEH:dp

Enclosures

cc: Michael McDonnell
Nancy Monk
PacifiCare of Oregon, Inc.
Bob Sullivan
Thomas Roberts
Joseph Verdesca

SW

**UNITEDHEALTH GROUP INCORPORATED
ASSISTANT SECRETARY CERTIFICATE**

I, the undersigned, do hereby certify as follows:

1. That I am the duly elected Assistant Secretary and keeper of the records of UnitedHealth Group Incorporated, a Minnesota domestic corporation (the "Company").
2. That attached hereto as Exhibit A is a true, correct and complete copy of resolutions adopted at the meeting of the Board of Directors of the Company held on July 5, 2005, and that these resolutions are in full force and effect and have not been further amended, repealed or rescinded, except as set forth therein.
3. That attached hereto as Exhibit B is a true, correct and complete copy of resolutions further adopted by the Board of Directors of the Company on July 6, 2005, and that these resolutions are in full force and effect and have not been further amended, repealed or rescinded, except as set forth therein.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of July, 2005.

THIS CORPORATION
HAS NO SEAL



Rina Lyubkin, Assistant Secretary
UnitedHealth Group Incorporated

EXHIBIT A

Approval of Acquisition of PacifiCare Health Systems, Inc.

WHEREAS, the Board of Directors (the "Board") of UnitedHealth Group Incorporated, a Minnesota corporation (the "Company"), has determined that the proposed Agreement and Plan of Merger to be entered into by and among the Company, Point Acquisition LLC, a limited liability company organized under the laws of the State of Delaware ("Merger Subsidiary"), and PacifiCare Health Systems, Inc., a Delaware corporation ("PacifiCare"), substantially in the form presented to the Board and described at this meeting (the "Merger Agreement"), and the transactions contemplated thereby, are advisable and in the best interests of the Company and its shareholders;

WHEREAS, simultaneously with the execution of the Merger Agreement, a subsidiary of the Company will enter into Health Services Agreements with PacifiCare or its subsidiary, substantially in the forms presented to the Board and described at this meeting (the "Network Access Agreements"), pursuant to which, among other things, certain of the Company's and its affiliates' members will be provided access to certain of PacifiCare's networks in the state of California and certain members of PacifiCare and its subsidiaries will be provided access to certain provider networks of the Company and its affiliates; and

NOW, THEREFORE, BE IT:

Merger Agreement

RESOLVED, that the Merger Agreement, the merger of PacifiCare with and into Merger Subsidiary as well as the alternative merger structure contemplated by the Merger Agreement (the "Merger") and all other agreements and transactions contemplated by the Merger Agreement, are advisable and in the best interests of the Company and the Company's shareholders and are hereby approved, adopted and authorized in all respects, including, without limitation, approved for purposes of Section 264 of the Delaware General Corporation Law (the "DGCL") and Section 18-209 of the Delaware Limited Liability Company Act (the "LLC Act" and, collectively with the DGCL, the "Delaware Laws") and any other applicable merger, anti-takeover or similar statute or regulation; and the executive officers of the Company (the "Authorized Officers") are, and each of them individually is, hereby authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver the Merger Agreement in substantially the form hereby approved, with such changes therein as the officers negotiating or executing the same shall approve, the signature of any such Authorized Officer thereon to be conclusive evidence of the approval of such changes; and it is further

Network Access Agreements

RESOLVED, THAT the form, terms and provisions of the Network Access Agreements, and the transactions contemplated on the terms set forth in such agreements, are hereby authorized and approved; and the Authorized Officers are, and each of them individually is, hereby authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver such Network Access Agreements in substantially the form hereby approved, with such changes therein as the officers negotiating or executing the same shall approve, the signature of any such Authorized Officer thereon to be conclusive evidence of the approval of such changes; and it is further

schedules, statements, documents and information required to be filed by the Company with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, in connection with the Merger Agreement and the transactions contemplated thereby, including, without limitation, a Proxy Statement/Prospectus, which will form a part of the registration statement on Form S-4 to be filed by the Company with the SEC, one or more current reports on Form 8-K and a registration statement on Form S-8; and it is further

RESOLVED, that the Authorized Officers are, and each of them individually is, hereby authorized, empowered and directed, in the name and on behalf of the Company, to take any and all action necessary or appropriate to prepare, execute, deliver and file, or cause to be prepared, executed, delivered and filed, all documents and information required to be filed by the Company pursuant to, and to take all other action necessary or appropriate in connection with, any applicable state securities laws in connection with the Merger, and it is further

Regulatory Filings

RESOLVED, that the Authorized Officers are, and each of them individually is, hereby authorized, empowered and directed, in the name and on behalf of the Company, to prepare, execute, deliver and file or cause to be prepared, executed, delivered and filed, all reports, statements, documents and information necessary or appropriate pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder, and to respond to all requests for additional information in connection therewith; and it is further

RESOLVED, that the Authorized Officers are, and each of them individually is, hereby authorized, empowered and directed, in the name and on behalf of the Company, to prepare, execute, deliver and file or cause to be prepared, executed, delivered and filed with the appropriate governmental authorities, all reports, statements, documents, certificates and information, including any Forms A, Forms D, Forms E and any other state regulatory filings, to make all payments of fees and expenses as determined by any such Authorized Officer to be necessary, appropriate or advisable, to respond to all requests for additional information and to do such other things necessary or appropriate in connection with any statute, rule, regulation, order or decree, whether foreign, federal, national, state, provincial or local; and it is further

Legal Proceedings

RESOLVED, that the officers of the Company are, and each of them individually is, hereby authorized, empowered and directed, in the name and on behalf of the Company, to take, or cause to be taken, any and all steps in connection with initiating or defending legal proceedings in any court or agency as such officer or officers shall, after consultation with counsel for the Company, deems necessary, appropriate or advisable in connection with the transactions contemplated by these resolutions; and it is further

Third-Party Consents

RESOLVED, that the Authorized Officers are, and each of them individually is, hereby authorized, empowered and directed, in the name and on behalf of the Company, to take all such action to notify, or to obtain any authorizations, consents, waivers or approvals of, any third party that any such Authorized Officer deems necessary, appropriate or advisable in order to carry out the terms and provisions of the Merger Agreement, the Merger or other transactions contemplated thereby or the intent and purposes of these resolutions; and it is further

General Authorization

RESOLVED, that the Authorized Officers of the Company are, and each of them individually is, hereby authorized, empowered and directed to take, or cause to be taken, any and all such further actions, incur such costs or expenses, and to prepare, execute, deliver and file, or cause to be prepared, executed, delivered and filed, all such further reports, schedules, statements, consents, documents, agreements, certificates and undertakings, in each case, in the name and on behalf of the Company, in connection with the Merger Agreement and the transactions contemplated thereby, as determined by any such Authorized Officer to be necessary, appropriate or advisable to effectuate the Merger or the intention of any of the foregoing resolutions; and it is further

RESOLVED, that the actions of the directors and officers of the Company with respect to the engagement of Goldman, Sachs & Co., J.P. Morgan Securities Inc., and Citigroup Global Markets Inc. as financial advisors to the Company, as well as any other financial advisors to be hired by the Company in connection with the Merger transaction, and Weil, Gotshal & Manges LLP as special legal counsel to the Company and any other advisors of the Company are hereby approved, adopted and ratified in all respects; and it is further

RESOLVED, that any and all actions previously taken by any officer or director of the Company or representative or agent of the Company in connection with the transactions contemplated by any and all of the foregoing resolutions are hereby ratified, confirmed, approved and adopted in all respects.

EXHIBIT B

WHEREAS, management has previously reviewed a proposed merger transaction between a wholly owned subsidiary of the Company and PacifiCare Health Systems, Inc. and related transactions (the "Merger") on several occasions, including an extensive review at a special meeting of the Board on July 5, 2005. At the special meeting on July 5, 2005, the directors also received advice from Goldman, Sachs & Co., JP Morgan Securities, Inc. and Citigroup Global Markets concerning the financial aspects of the proposed Merger to the Company. After discussion, the directors unanimously approved the proposed Merger, as evidenced by Board resolutions substantially in the form attached hereto as Exhibit A (the "Approval Resolutions");

WHEREAS, at their July 5, 2005 special meeting, the Board approved the Merger consideration to be paid by the Company to PacifiCare stockholders in the amount consisting of cash in the amount of \$21.50 per share (the cash consideration) and 1.08 shares of the Company's common stock (the stock consideration) for each share of PacifiCare common stock outstanding; and

WHEREAS, the Board has consulted with the Company's Chairman and Chief Executive Officer regarding increasing the stock consideration to 1.10 shares of the Company's common stock for each share of PacifiCare common stock outstanding per share. The Board has received a fairness opinion from each JP Morgan Securities Inc. and Goldman, Sachs & Co. that the merger consideration to be paid in the transaction is fair to the Company from a financial point of view.

NOW THEREFORE, BE IT RESOLVED, that the stock exchange ratio portion of the merger consideration shall be 1.10 shares of Company common stock for each share of PacifiCare common stock outstanding.

FURTHER RESOLVED, that, except as modified by this Written Action, the Approval Resolutions are hereby ratified and approved in all respects.

FURTHER RESOLVED, that any and all actions previously taken by an officer or director of the Company or representative or agent of the Company in connection with the transactions contemplated by the foregoing resolutions and the Approval Resolutions are hereby ratified, confirmed, approved and adopted in all respects.

State of Minnesota

SECRETARY OF STATE

Certificate of Good Standing

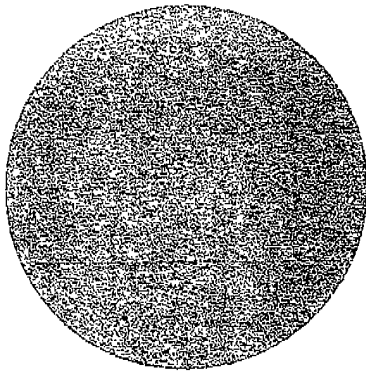
I, Mary Kiffmeyer, Secretary of State of Minnesota, do certify that: The corporation listed below is a corporation formed under the laws of Minnesota; that the corporation was formed by the filing of Articles of Incorporation with the Office of the Secretary of State on the date listed below; that the corporation is governed by the chapter of Minnesota Statutes listed below; and that this corporation is authorized to do business as a corporation at the time this certificate is issued.

Name: UnitedHealth Group Incorporated

Date Formed: 01/25/1977

Chapter Governed By: 302A

This certificate has been issued on 07/28/05.



Mary Kiffmeyer
Secretary of State.



SCHWABE, WILLIAMSON & WYATT
ATTORNEYS AT LAW

Pacwest Center, 1211 SW 5th Ave., Suite 1900, Portland, OR 97204 | Phone 503-222-9981 | Fax 503-796-2900 | www.schwabe.com

MITCHELL E. HORNECKER

Admitted in Oregon and Washington

Direct Line: (503) 796-2891

E-Mail: mhornecker@schwabe.com

August 23, 2005

W. Richard Frawley
Insurance Administrator
Oregon Department of Consumer and Business
Services
Insurance Division
350 Winter Street NE, Room 440
PO Box 14480
Salem, Oregon 97309-0405
Attn: Joel Ario

Re: Proposed Acquisition of PacificCare of Oregon, Inc.
Our File No.: 113730/143508

Dear Mr. Frawley:

Thank you for your initial review of the documents we submitted in connection with the above referenced transaction and the additional information we provided on August 12th. We are pleased to submit the following responses to the remainder of your inquiry for more information, dated as of July 27, 2005.

Please describe in detail the following that relate to the applicant that occurred during the last five years:

(a) Any fines, penalties, forfeiture, restitution, or injunctions that have been imposed by regulators, civil courts, or criminal courts in any jurisdiction outside of Oregon;

During the past five years (or such shorter period during which a health maintenance organization or insurance company has been owned by UnitedHealth Group Incorporated ("UnitedHealth")), and currently, the health care operations of the health maintenance organizations and insurance companies that are owned by UnitedHealth (the "United Regulated Entities") have been in material compliance with appropriate state laws and regulation, except as indicated herein. The United Regulated Entities are subject to market conduct and other regulatory reviews in the normal course of business. When issues are identified, UnitedHealth works with the appropriate regulatory agency to implement any necessary corrective actions. Consistent with the scope and materiality thresholds of recent requests we have received under

Portland, OR 503-222-9981 | Salem, OR 503-339-7712 | Bend, OR 541-749-4044
Seattle, WA 206-822-1711 | Vancouver, WA 360-694-7551 | Washington, DC 202-488-4302

PDX/113730/143508/MEH/1338332.1

similar circumstances, the following information includes fines and penalties for United Regulated Entities which exceed \$100,000 since August 2000.

August 2000 to December 2001

- In November 2000, UnitedHealthcare of the Mid-Atlantic, Inc. paid a fine of \$300,000 to the Maryland Insurance Administration for issues related to claims processing, adverse determinations, and private review agent certification. The Company additionally paid \$100,000 to an educational fund for health care consumers. These issues have since been resolved.
- In May 2001, United HealthCare of Kentucky, Ltd. paid \$178,500 to the Kentucky Department of Insurance for issues related to agent appointments, claims payment, explanation of benefits and consumer complaints. These issues have since been resolved.
- In August 2001, United HealthCare of Texas, Inc. and United HealthCare Insurance Company agreed to a corrective action plan and payment to the Texas Department of Insurance of \$1.25 million as a result of a prompt payment survey. Restitution of outstanding claim interest/payment has been completed.
- At the end of 2001, United Healthcare Insurance Company of New York, UnitedHealthCare of New York, Inc. and UnitedHealthCare of Upstate New York, Inc. (license has since been merged with UnitedHealthCare of New York, Inc.) agreed to a corrective action plan and payment to the New York State Insurance Department of \$1 million for various findings mostly related to appeal information on claim benefit forms. The forms have since been updated and the corrective action plan implemented.

January 2002 to December 2002

- During calendar year 2002, the Pennsylvania Department of Public Welfare withheld \$176,500 in payments to AmeriChoice of Pennsylvania, Inc. for Medicaid claims processing timeliness issues. These issues have since been resolved.
- In January 2002, UnitedHealthcare of New York, Inc., UnitedHealthcare of Upstate New York, Inc. (license has since been merged with UnitedHealthcare of New York, Inc.) and United HealthCare Insurance Company of New York paid a fine of \$161,600 for a prompt payment claims survey. This has since been resolved.
- In April 2002, United HealthCare of Arizona, Inc. paid to the federal government \$745,032 for amounts owed for the best price differential and related lost investment income for the Federal Employees Health Benefit Plan. This matter has since been resolved.



- In May 2002, United HealthCare of Georgia, Inc. paid a \$150,000 fine to the Georgia Department of Insurance for issues related to prompt payment of claims. This matter has since been resolved.

January 2003 to December 2003

- In February 2003, UnitedHealthcare of Illinois, Inc. paid a fine of \$200,000 to the Illinois Insurance Department for findings related to appeals, grievances, and claims. The claims issues were related to a claims system no longer in use. The claims, appeals, and grievances processes have since migrated to UnitedHealth Group systems and processes.
- In May 2003, United HealthCare Insurance Company (UHC) and UnitedHealthcare of the Mid-Atlantic, Inc. (UHCMA) agreed to a corrective action plan and payment to the Maryland Insurance Department of \$125,000 (\$100,000 for UHC and \$25,000 for UHCMA) for findings mostly related to Medical Director Certification, prompt payment/interest payment of claims, use of unapproved forms for Large Groups, and Small Group requirements. These issues have since been resolved.
- In May 2003, AmeriChoice of New Jersey, Inc. paid \$100,000 to the New Jersey Department of Health and Human Services for failure to notify the State of a hospital termination within the State-required timeframe. This issue has since been resolved.
- During calendar year 2003, the Pennsylvania Department of Public Welfare withheld \$145,200 in payments to AmeriChoice of Pennsylvania, Inc. for claims processing timeliness issues. These issues have since been resolved.

January 2004 to December 2004

- In April 2004, UnitedHealthCare of New York, Inc. paid \$125,000 to the New York Department of Insurance related to financial reporting, underwriting and rating issues. These issues have since been resolved.
- In April 2004, United HealthCare of Utah, Inc. paid a fine of \$156,264 to the Utah Department of Insurance for issues concerning the distribution of Explanations of Benefits to members. This issue has since been resolved.
- In June 2004, the New York Department of Health assessed a \$668,792 penalty against UnitedHealthCare of New York, Inc. resulting from a Child Health Plus audit for issues with Child Health Plus Enrollment. These issues have since been resolved.
- In September 2004, United HealthCare of Texas, Inc. and United HealthCare Insurance Company paid a fine of \$240,000 to the Texas Department of Insurance for issues related to appeal and grievances, claims interest, coordination of benefits with automobile insurance

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carriers, premium report filing and disclosure of fee schedules. These issues have since been resolved.

- In October 2004, UnitedHealthcare of North Carolina, Inc. and United HealthCare Insurance Company entered into a voluntary settlement agreement and paid a fine of \$1.1 million for each company to the North Carolina Department of Insurance. The Department alleged violations of prompt pay and unfair trade practices laws related to provider and consumer service. A corrective action plan was submitted and the Department is conducting ongoing monitoring of United's compliance with agreed upon benchmarks.
- In December 2004, MAMSI Life and Health Insurance Company paid a fine of \$125,000 to the Maryland Insurance Administration for issues relating to provider applications and small group files. A corrective action plan is in progress to resolve these issues.
- In December of 2004, Arizona Physicians IPA, Inc. paid to the Arizona Health Care Cost Containment System a fine of \$107,000 for encounter data validation penalty. These issues have since been resolved.

January 2005 to August 2005

- In January 2005, Arizona Physicians IPA, Inc. paid to the Arizona Health Care Cost Containment System a fine of \$169,124 for aged pended encounters. These issues have since been resolved.
- In February 2005, AmeriChoice of New Jersey, Inc. paid a fine to New Jersey Department of Medical Assistance and Health Services of \$161,886 for 2002 EPSDT reporting. These issues have since been resolved.
- In May 2005, AmeriChoice of New Jersey, Inc. paid to New Jersey Department of Health and Senior Services a fine of \$275,000 for triennial operations audit deficiencies. The plan is appealing. In addition, a corrective action plan has been implemented.

(b) Any consent agreements entered into with regulators, civil courts, criminal courts, attorneys general, or the United States Department of Justice;

Please note that the response provided below does not include routine market conduct consent orders that are otherwise addressed in Question 7a.

- In November 2000, UnitedHealthcare of Illinois, Inc. entered into a settlement agreement and Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services to resolve issues related to claims for institutionalized Medicare beneficiaries from 1995-1997. The agreement included compliance requirements for government programs and a monetary settlement of \$2.9 million. The Company has since exited the Medicare business in Illinois. The Corporate Integrity Agreement is due to expire



in November 2005 or prior to that time, upon the termination of any existing Medicaid or federal programs.

- In March 2004, UnitedHealthcare of Wisconsin, Inc. entered into consent agreements in conjunction with the approval by the Office of the Commissioner of Insurance of a transaction for Touchpoint membership. The agreements ordered the Company to comply with recommendations made as a result of the examinations for UnitedHealthcare of Wisconsin, Inc. and Touchpoint. The agreements also imposed additional compliance requirements for UnitedHealthcare of Wisconsin, Inc. and Midwest Security Life Insurance Company. The Company implemented action plans associated with these orders.
- In August 2004, United HealthCare Insurance Company, without admitting liability, paid the sum of \$9.7 million to the United States government in an action involving allegations that the Company did not itemize costs on cost reports adjacent to the function for which they were incurred. In December 2004, United HealthCare Insurance Company, without admitting liability agreed to pay \$3.5 million to the United States government in an action alleging that in connection with a claims processing contract with Medicare, the Company did not answer phone calls as promptly as it should have. Both settlements involved the Company's former Government Operations unit that performed administrative services for Medicare until UnitedHealth Group exited that business in 2000. As part of the settlement of these, United HealthCare Insurance Company agreed to a provision that imposes a Corporate Integrity Agreement only if the United HealthCare Insurance Company re-enters the business of Medicare intermediary within five years of the settlement. United HealthCare Insurance Company does not have any present plans to provide administrative services for Medicare. Additionally, this provision does not apply to present or future Medicare Advantage contracts or any similar type of managed care contract.
- In June 2005, AmeriChoice of Pennsylvania (ACPA) entered into a Settlement Agreement and Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services to resolve a long-standing inquiry regarding ACPA claims processing from 1995-1998. The agreement included a monetary settlement of \$1.6 M, which was paid to the government in July 2005, as well as other claims processing and corporate compliance requirements.

(c) Any regulatory, civil, or criminal investigations pending against Applicant; and

Submitted confidentially under separate cover.

(d) Any revocations or suspensions of certificates of authority, business licenses, or permits in any jurisdiction of the Applicant or any of its wholly owned subsidiaries.

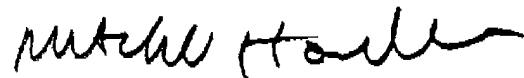


W. Richard Frawley
August 23, 2005
Page 6

License or Permit	UHG Entity	Action
Registration as Prepaid Dental Plan in Kansas	Dental Benefit Providers of Illinois, Inc.	Cancelled September 1, 2003; Company determined that it had no need for license and did not apply for reinstatement

Thank you for your review of this supplemental response. Should you have any additional inquiries, please do not hesitate to call me.

Very truly yours,



Mitchell E. Hornecker

MEH:dp

cc: Michael McDonnell
Nancy Monk
PacifiCare of Oregon, Inc.
Bob Sullivan
Thomas Roberts
✓ Joseph Verdesca

SW

AKIN GUMP
STRAUSS HAUER & FELD LLP

Attorneys at Law

BARRY SENTERFITT
512.499.6216/fax: 512.499.6290
bsenterfitt@akingump.com

September 14, 2005

VIA MESSENGER

Received

SEP 14 2005

Financial Analysis
& Examinations

Ms. Cindy Thurman
Financial, Financial Analysis & Examinations
Texas Department of Insurance
Tower III, 3rd Floor
333 Guadalupe St.
Austin, TX 78701

Re: Acquisition of Control of PacifiCare of Texas, Inc., ("HMO") and PacifiCare
Life Assurance Company ("PLAC") by UnitedHealth Group Incorporated
(the "Applicant")
HMO# 3082 and HCS# 34323

Dear Ms. Thurman:

This responds to Request #5 of your August 18, 2005, letter to Barry Senterfitt regarding the acquisition of control of PacifiCare of Texas, Inc. and PacifiCare Life Assurance Company (collectively, "PacifiCare") by UnitedHealth Group Incorporated ("United").

Request No. 5(a) and (b): Chart 1 contains information similar to information requested by and provided to the Office of the Attorney General regarding PacifiCare and United commercial health insurance membership. Specifically, Chart 1 provides 2005 membership data for PacifiCare and relevant subsidiaries (Pacific Life and AMS) and United and relevant subsidiaries (UnitedHealthcare, Uniprise and Golden Rule) in the Metropolitan Statistical Areas ("MSAs") of Austin-Round Rock, Dallas-Plano-Irving, El Paso, Forth Worth-Arlington, Houston-Sugar Land-Baytown and San Antonio and in the rest of Texas. This information is provided separately by product type (*i.e.*, HMO, PPO/Indemnity, POS/EPO) and by funding-type (*i.e.*, fully-insured and self-insured). Chart 1 also provides the parties' combined share of the commercially insured population in the aforementioned MSAs and the rest of Texas, which is less than 35% in all areas.

Request No. 5(c): Chart 2 identifies UnitedHealthcare, Uniprise and PacifiCare Health Systems 2005 commercial health insurance membership by specified customer group sizes (2-50, 51-500, 501-5000, 5000+) in Texas for specific MSAs and counties specified by Office of the Attorney

Ms. Cindy Thurman
September 14, 2005
Page 2

General staff, based on the small group commercially insurable population and on the current commercially insured population.¹

Chart 3 contains information for 2005 on the parties' combined share of small group business (defined as 2-99 employees) in Dallas and Fort Worth based on internal membership data and information on small group businesses obtained from Dun & Bradstreet. We are unable to calculate the parties' share of membership in other customer group sizes as we are unaware of any source of data on the total membership of such customer group sizes in Texas.

Chart 4 contains United and PacifiCare membership information for Medicare and Medicaid programs. United offers Medicare Supplement Insurance to Texas residents and currently has no members enrolled in traditional Medicare Advantage plans, although it has 4,272 members enrolled in Medicare Advantage Special Needs plans. United does not offer Medicaid plans in Texas, with the exception of a limited number of members (30,000) enrolled in its Medicaid STAR+PLUS plan for people covered by both Medicare and Medicaid in Harris County. PacifiCare does not offer Medicare Advantage Special Needs plans or Medicaid plans in Texas and thus the merger does not result in any increase in share of these products in Texas.

This chart also includes membership information for specialty and ancillary insurance products -- dental, vision, behavioral health and group life insurance. Post-transaction, the parties would have a combined share 5.5% of the statewide dental insurance market and 0.4% of the statewide market for group life insurance. We are unaware of data for vision or behavioral health insurance on anything but a national level, where the combined share post-transaction would be 6% for vision and 12% for behavioral health.

Thank you for your review of the supplemental information provided. Please do not hesitate to call me should you have any further inquiries.

¹ Specifically, the MSAs and counties specified by OAG staff are Bonham, Dallas-Plano-Irving, Fort Worth-Arlington, Gainesville, Laredo, Mineral Wells, Paris, Sherman-Denison, Stephenville, Sulphur Springs, and Granbury, Texas. Further, we note that, consistent with information previously provided to the OAG, this data does not include information for United's Golden Rule membership and PacifiCare's self-insured membership. In addition, membership data for United's MAMSI, Midwest Security and Oxford Health plans are not included.

AKIN GUMP
STRAUSS HAUER & FELD LLP

Attorneys at Law

Ms. Cindy Thurman
September 14, 2005
Page 3

Sincerely,



Barry Senterfit

Enclosures

cc: Michael J. McDonnell, General Counsel, UnitedHealthcare, Inc.
Nancy J. Monk, Vice President, State Government Affairs, PacifiCare Health Systems, Inc.
Bob Sullivan, Skadden, Arps, Slate, Meagher & Flom LLP
Thomas A. Roberts, Weil, Gotshal & Menges LLP
Joseph T. Verdesca, Weil Gotshal & Menges LLP
Dina Penney, Weil Gotshal & Menges LLP
Erik Brue, Weil Gotshal & Menges LLP
Peter R. Mason, K&R Law Group LLP

Brian F. Kreger
Licensed in Washington and Nebraska

direct dial 206-654-2228
direct fax 206-652-2928
kreger@ryanlaw.com
Ref. No. 427985.2/17225.0005

September 9, 2005

VIA FACSIMILE & OVERNIGHT DELIVERY

James T. Odiorne, Esq.
Deputy Insurance Commissioner
Company Supervision Division
Office of Insurance Commissioner
5000 Capital Blvd.
Tumwater, WA 98512

Re: UnitedHealth Group, Inc. Acquisition of PacifiCare of Washington, Inc.

Dear Mr. Odiorne:

Thank you for your initial review of the documents we submitted in connection with the above referenced transaction. We are pleased to submit the following responses to the Office of Insurance Commissioner's ("OIC") inquiry for more information noted in Jim Tompkins' letter of August 4, 2005. For ease of reference, the OIC's inquiry is repeated here in italics followed by our response.

[Therefore,] we request that we receive more detailed information regarding market share for each of the companies and for each of the lines of business that each of the companies writes for the last five years.

The PacifiCare companies that are authorized in Washington are: PacifiCare of Washington, Inc. (WA), PacifiCare of Oregon, Inc. (OR), PacifiCare Life and Health Insurance Company (IN) and PacifiCare Life Assurance Company (CO). The UnitedHealth companies are: Golden Rule Insurance Company, Investors Guaranty Life Insurance Company, Midwest Security Life Insurance Company, United HealthCare Insurance Company and Unimerica Insurance Company.

Enclosed as Exhibit 1 to this letter, please find Washington market share information on a line by line basis for each of the companies identified above.

In order to better understand the financing of the cash portion of the purchase price we request that we be provided more information regarding the debt servicing requirements and an estimate of the debt to capital ratio, post merger. This should include both a written explanation and pro forma financial statements.

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UnitedHealth expects to fund the PacifiCare acquisition price through cash and cash equivalents held at the UnitedHealth parent company level and the issuance of up to an additional \$2.1 billion in debt and \$6.1 billion in equity. In addition, UnitedHealth expects to retire PacifiCare's debt at closing through a combination of cash and cash equivalents held at the UnitedHealth parent company level and commercial paper and long-term debt financing. UnitedHealth's debt-to-total-capital ratio will be maintained at 30% or less as it finances a significant portion of the transaction consideration with the issuance of common stock.

The debt issued at the closing of the acquisition will likely be commercial paper with maturities of 90 days or less. The anticipated commercial paper will likely be repaid by a combination of available working capital, additional commercial paper issuance or long-term debt, with the appropriate mix being determined in the prudent judgment of UnitedHealth based on market conditions at the time. The maturities of the long-term debt, which will be selected by UnitedHealth, will be dependent on market conditions at the time of issuance and will likely range between 3 and 30 years. Total debt issued relative to this transaction is not expected to exceed \$3.0 billion.

The following table details UnitedHealth's expected debt-to-total-capital ratios on a pro forma basis compared to actual June 30, 2005 debt-to-total-capital.

	Debt-to-Total-Capital
(\$ in Billions)	June 30, 2005
Total Debt	\$4.3
Shareholders' Equity	\$10.5
Total Capital	\$14.8
Debt / Total Capital	28.8%

Pro Forma Financial Statements of UnitedHealth Group Incorporated, contain confidential, trade secret and proprietary information on both entities. These documents will be submitted as confidential documents not available for public disclosure upon adequate assurance that the documents will be maintained secure, or upon other satisfactory arrangements between the OIC and our client.

When we recently met with personnel from PacifiCare (prior to the announcement of the UnitedHealth acquisition), they indicated that it was their intent to continue to generally move the business from PacifiCare of Washington to PacifiCare Life Assurance. However, during our meeting on July 25, 2005 it was indicated that this may no longer be the intention. Therefore, we request that the companies clarify what their plans are for these companies and the Washington business.

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It is not PacifiCare's intent to move the business of PacifiCare of Washington to PacifiCare Life Assurance Company. However, as a result of the shift in demand in the market in Washington from HMO products to PPO products, PacifiCare has been writing more business on PacifiCare Life Assurance Company's paper. This practice is a result of the change in demand in the market in Washington rather than an intention to move business out of PacifiCare of Washington.

Has UnitedHealth obtained an outside consultant's evaluation/analysis of UnitedHealth's 2004 goodwill and intangibles? If so, please provide a copy.

Under Generally Accepted Accounting Principles ("GAAP"), goodwill is not amortized, but must be tested at least annually for impairment by comparing the goodwill carrying value to the cash flows attributable to the acquired assets which generated the goodwill. Intangible assets not subject to amortization must be tested at least annually by comparing the fair value of the intangible asset with its carrying value. Intangible assets subject to amortization are reviewed for impairment if events or changes in circumstances indicate that the asset might be impaired by comparing the fair value of the intangible asset with its carrying value. The fair values of intangible assets are generally derived through an analysis of discounted cash flows attributable to the asset. We utilize internal valuation resources with the appropriate level of expertise in completing our impairment testing of goodwill and other intangible assets.

Our goodwill and intangible asset impairment analyses are also subject to testing by our independent public accountants in connection with their annual audit of UnitedHealth Group's consolidated financial statements. The Company's strong cash flows more than adequately support the value of its acquired goodwill and intangible assets. In fact, as reported in the Company's annual SEC filings, UnitedHealth has experienced a significant increase in its annual cash flow from operations and earnings over the past five years, as set forth in the table below:

<u>Year Ended</u> <u>December 31,</u>	<u>Consolidated Cash Flows From</u> <u>Operating Activities</u>	<u>Earnings From</u> <u>Operations</u>
1999	\$1.19 billion	\$ 0.94 billion
2000	\$1.52 billion	\$ 1.20 billion
2001	\$1.84 billion	\$ 1.57 billion
2002	\$2.42 billion	\$ 2.19 billion
2003	\$3.00 billion	\$ 2.94 billion
2004	\$4.14 billion	\$ 4.10 billion

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Further, the Company recently announced forecasted 2005 consolidated cash flow from operations of approximately \$4.7 billion and earnings from operations of approximately \$5.3 billion.

Has UnitedHealth obtained an outside consultant's evaluation/analysis of the proposed purchase price of PacifiCare? If so, please provide a copy.

PacifiCare obtained an opinion as to the fairness, from a financial point of view, of the merger consideration to be received for each outstanding share of common stock, par value \$0.01 per share of PHS from each of MTS Health Partners, L.P. ("MTS") and Morgan Stanley & Co. Incorporated ("Morgan Stanley"). Both MTS and Morgan Stanley were of the opinion that the merger consideration to be received by the holders of par value \$0.01 per share of PHS common stock is fair from a financial point of view to such holders. Both the MTS and Morgan Stanley fairness opinions are included as exhibits to the UnitedHealth Form S-4 filed with the SEC on August 11, 2005.

Please provide a study by year for the last three years and the first six months of 2005 of the persistency of contracts for Golden Rule, MAMSI and Oxford. Also please provide underwriting results and cash flow from the recent purchases of these companies.

UnitedHealth Group, Inc. has developed its *Historical Persistency and Underwriting Profile* which is a summary of customer contract persistency rates and underwriting profit by year for Golden Rule, MAMSI and Oxford. This document is highly sensitive and will be submitted under separate cover as a confidential, trade secret and proprietary document not available for public disclosure upon adequate assurance that the documents will be maintained secure, or upon other satisfactory arrangements between the OIC and our client.

Does UnitedHealth expect to make any impairment adjustments for 2005? If so, how much and for what?

No, UnitedHealth does not expect to make any impairment adjustments for 2005. Since January 1, 1999, UnitedHealth has not reported any decreases to earnings or shareholders' equity attributable to impairment of goodwill or other intangible assets resulting from any acquisitions. Also, UnitedHealth does not currently foresee any future decreases in earnings or shareholders' equity attributable to any such impairment. Since the cash flows used in testing for such impairment are attributable to the asset being tested, the fact that the Company has not recorded any recent goodwill or other intangible asset impairments indicates that acquisitions have generated strong cash flows after being successfully integrated into UnitedHealth's operations. Finally, although goodwill has increased by \$7.6 billion on approximately \$9.7 billion in acquisitions since January

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1999, UnitedHealth's consolidated cash flows from operating activities increased from \$1.19 billion to \$4.14 billion, or nearly 350% over the same period. Moreover, the Company's market capitalization has increased from \$8.2 billion to \$65.0 billion, or nearly 700% since January 1999. Clearly, the Company's acquisition strategy has and will continue to enhance its ability to generate cash flows that more than support any goodwill UnitedHealth will carry on its balance sheet.

You have requested that United Health Group, Inc. waive the deemer clause of RCW 48.31C.030. Please be advised that UnitedHealth Group, Inc. is willing to waive the deemer provision for thirty (30) days following the OIC's receipt of this letter. If the OIC believes additional time is needed beyond this waiver period, we are amenable to further discussion on this matter.

We appreciate your review of this supplemental information and additional documentation. Please do not hesitate to call me at the number above should you have any further inquiries.

Sincerely,



Brian F. Kreger

BFK:mcgo
Enclosures

cc: Via Facsimile only
Michael McDonnell (w/encl.)
Nancy Monk (w/encl.)
Bob Sullivan (w/encl.)
Joseph Verdesca (w/encl.)
Thomas Roberts (w/encl.)
Jeffrey Gingold (w/encl.)

EXHIBIT 1

Detailed Premium and Share History

Washington PacifiCare American Medical Security Life Insco

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Collectively Renewable	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Credit Group and Individual	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Fed Employees	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Group Policies	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Non Cancellable	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Non Renewable Stated	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Other Accident	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Total	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
Combined Total All Lines	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington PacifiCare Pacific Life & Annuity Co

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Collectively Renewable	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Credit Group and Individual	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Fed Employees	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Group Policies	16.7	2%	0	0	0	0	0	0	0	0	0	0
A&H Guaranteed Renewable	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Non Cancellable	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Non Renewable Stated	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Other Accident	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Total	16.7	1%	0	0	0	0	0	0	0	0	0	0
Combined Total All Lines	16.7	0%	0	0	0	0	0	0	0	0	0	0

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington PacifiCare Pacific Life Insurance Co

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Collectively Renewable	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Credit Group and Individual	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Fed Employees	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Group Policies	1.6	0%	0	0	0	0	0	0	0	0	0	0
A&H Guaranteed Renewable	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Non Cancellable	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Non Renewable Stated	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Other Accident	0.0	0%	0	0	0	0	0	0	0	0	0	0
A&H Total	1.6	0%	0	0	0	0	0	0	0	0	0	0
Combined Total All Lines	1.6	0%	0	0	0	0	0	0	0	0	0	0

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data
Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington PacifiCare PacifiCare Life & Health Insurance

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Fed Employees	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Group Policies	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Guaranteed Renewable	0.1	0%	0.1	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Total	0.1	0%	0.1	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Combined Total All Lines	0.1	0%	0.1	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington PacifiCare PacifiCare Life Assurance Company

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Fed Employees	0.0	0%	0.0	0%	0.9	13%	0.8	13%	0.0	0%	0.0	0%
A&H Group Policies	38.4	4%	38.4	4%	5.9	1%	0.5	0%	0.8	0%	3.6	1%
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Total	38.4	2%	38.4	2%	6.8	0%	1.3	0%	0.8	0%	3.6	0%
Combined Total All Lines	38.4	0%	38.4	0%	6.8	0%	1.3	0%	0.8	0%	3.6	0%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington PacifiCare PacifiCare of Oregon

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
Health Dental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Disability	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health FEHB	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Group Comprehensive	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Long Term Care	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicaid	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare Supplemental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Stop Loss	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Vision	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Total	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Combined Total All Lines	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington PacifiCare PacifiCare of WA Inc

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
Health Dental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Disability	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health FEHB	0.0	0%	0.0	0%	13.8	3%	11.2	2%	11.7	3%	0.0	0%
Health Group Comprehensive	170.4	4%	170.4	4%	165.7	4%	137.0	3%	142.4	4%	0.0	0%
Health Individual	0.1	0%	0.1	0%	0.3	0%	0.3	0%	0.3	0%	0.0	0%
Health Long Term Care	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicaid	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare	395.2	39%	395.2	39%	402.4	46%	396.7	46%	386.9	44%	0.0	0%
Health Medicare Supplemental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Stop Loss	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Vision	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Total	565.6	7%	565.6	7%	582.2	7%	545.1	8%	541.3	8%	0.0	0%
Combined Total All Lines	565.6	6%	565.6	6%	582.2	6%	545.1	7%	541.3	7%	0.0	0%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington PacifiCare Group Total

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Fed Employees	0.0	0%	0.0	0%	0.9	13%	0.8	13%	0.0	0%	0.0	0%
A&H Group Policies	56.7	5%	38.4	4%	5.9	1%	0.5	0%	0.8	0%	3.6	1%
A&H Guaranteed Renewable	0.1	0%	0.1	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Total	56.8	4%	38.5	2%	6.9	0%	1.3	0%	0.8	0%	3.6	0%
Health Dental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Disability	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health FEHB	0.0	0%	0.0	0%	13.8	3%	11.2	2%	11.7	3%	0.0	0%
Health Group Comprehensive	170.4	4%	170.4	4%	165.7	4%	137.0	3%	142.4	4%	0.0	0%
Health Individual	0.1	0%	0.1	0%	0.3	0%	0.3	0%	0.3	0%	0.0	0%
Health Long Term Care	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicaid	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare	395.2	39%	395.2	39%	402.4	46%	396.7	46%	386.9	44%	0.0	0%
Health Medicare Supplemental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Stop Loss	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Vision	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Total	565.6	7%	565.6	7%	582.2	7%	545.1	8%	541.3	8%	0.0	0%
Combined Total All Lines	622.4	6%	604.1	6%	589.0	6%	546.4	7%	542.1	7%	3.6	0%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington UnitedHealth Golden Rule Insurance Co

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.1	0%	0	0	0	0	0	0
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0	0	0	0	0	0
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0	0	0	0	0	0
A&H Fed Employees	0.0	0%	0.0	0%	0.0	0%	0	0	0	0	0	0
A&H Group Policies	0.1	0%	0.1	0%	0.0	0%	0	0	0	0	0	0
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0.0	0%	0	0	0	0	0	0
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0	0	0	0	0	0
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0	0	0	0	0	0
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0	0	0	0	0	0
A&H Total	0.1	0%	0.1	0%	0.1	0%	0	0	0	0	0	0
Combined Total All Lines	0.1	0%	0.1	0%	0.1	0%	0	0	0	0	0	0

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or Pacificare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

Pacificare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History
Washington
UnitedHealth
Investors Guaranty Life Insurance Co

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Collectively Renewable	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Credit Group and Individual	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Fed Employees	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Group Policies	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Non-Cancellable	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Non-Renewable Stated	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Other Accident	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
A&H Total	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0
Combined Total All Lines	0.0	0%	0.0	0%	0	0	0	0	0	0	0	0

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or Pacificare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

Pacificare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington UnitedHealth Midwest Security Life Insurance Co

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Fed Employees	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Group Policies	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
A&H Total	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0
Combined Total All Lines	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0	0	0	0

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or Pacificare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

Pacificare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington UnitedHealth Unimerica Ins CO

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Fed Employees	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Group Policies	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Total	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Combined Total All Lines	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or Pacificare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

Pacificare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington UnitedHealth United Healthcare Insurance Co

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Fed Employees	0.1	1%	0.1	1%	0.6	9%	0.0	0%	0.0	0%	0.0	0%
A&H Group Policies	137.2	13%	137.2	13%	100.0	11%	80.9	10%	85.0	11%	119.6	17%
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Total	137.3	9%	137.3	9%	100.7	7%	80.9	7%	85.0	7%	119.6	11%
Combined Total All Lines	137.3	1%	137.3	1%	100.7	1%	80.9	1%	85.0	1%	119.6	4%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or Pacificare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

Pacificare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington UnitedHealth United Healthcare of WA Inc

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
Health Dental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Disability	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health FEHB	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Group Comprehensive	0.0	0%	0.0	0%	0.0	0%	0.1	0%	2.5	0%	0.0	0%
Health Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Long Term Care	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicaid	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare Supplemental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Stop Loss	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Vision	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Total	0.0	0%	0.0	0%	0.0	0%	0.1	0%	2.5	0%	0.0	0%
Combined Total All Lines	0.0	0%	0.0	0%	0.0	0%	0.1	0%	2.5	0%	0.0	0%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

Detailed Premium and Share History

Washington UnitedHealth Group Total

NAIC Product Line	Premium 2005 (\$M)	Share 2005 (%)	Premium 2004 (\$M)	Share 2004 (%)	Premium 2003 (\$M)	Share 2003 (%)	Premium 2002 (\$M)	Share 2002 (%)	Premium 2001 (\$M)	Share 2001 (%)	Premium 2000 (\$M)	Share 2000 (%)
A&H All Other	0.0	0%	0.0	0%	0.1	0%	0.0	0%	0.0	0%	0.0	0%
A&H Collectively Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Credit Group and Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Fed Employees	0.1	1%	0.1	1%	0.6	9%	0.0	0%	0.0	0%	0.0	0%
A&H Group Policies	137.3	13%	137.3	13%	100.1	11%	80.9	10%	85.0	11%	119.6	17%
A&H Guaranteed Renewable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Cancellable	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Non Renewable Stated	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Other Accident	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
A&H Total	137.4	9%	137.4	9%	100.8	7%	80.9	7%	85.0	7%	119.6	11%
Health Denial	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Disability	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health FEHB	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Group Comprehensive	0.0	0%	0.0	0%	0.0	0%	0.1	0%	2.5	0%	0.0	0%
Health Individual	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Long Term Care	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicaid	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Medicare Supplemental	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Stop Loss	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Vision	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Health Total	0.0	0%	0.0	0%	0.0	0%	0.1	0%	2.5	0%	0.0	0%
Combined Total All Lines	137.4	1%	137.4	1%	100.8	1%	81.0	1%	87.5	1%	119.6	4%

Source: NAIC Annual Statement Database via National Underwriter Insurance Databases / Highline Data

Premium metric is earned premium

Accident and Health (Blue Book) data from Page 25, Column 2, Lines 24 through 26

Health (Orange Book) data from Page 30, Line 15, Columns 1-13

For companies acquired by either UnitedHealth or PacifiCare in a given year, the entire annual premium is counted toward the group total for that year

2005 Results are estimated from 2004 annual premium and current ownership

PacifiCare group total for 2005 reflects re-insurance of Pacific Life business

* * * COMMUNICATION RESULT REPORT (SEP. 9. 2005 11:36AM) * * *

TTI RYAN, SWANSON&CLEVE

TRANSMITTED/STORED SEP. 9. 2005 11:25AM
FILE MODE OPTION

ADDRESS

RESULT

PAGE

0597 MEMORY TX

G3 : 273#017225#00005#13605862022# OK

22/22

REASON FOR ERROR
E-1) HANG UP OR LINE FAIL
E-3) NO ANSWERE-2) BUSY
E-4) NO FACSIMILE CONNECTIONRS
SC

Ryan, Swanson Cleveland, PLLC

Facsimile Cover Sheet

Date: September 9, 2005

Client/Mtr No.: 017225.00005

Number of pages (including this cover page): 22

Re: UnitedHealth Group, Inc. Acquisition of PacificCare of Washington, Inc.

To:	Facsimile:	Telephone:
James T. Odiorne, Esq. Deputy Insurance Commissioner	360.586.2022	360.725.7214
From:		
Brian F. Kreger		
The original of this facsimile transmission will be: <input type="checkbox"/> retained on file <input checked="" type="checkbox"/> sent via Federal Express <input type="checkbox"/> sent to you via courier		
Please notify us immediately at 206.464.4224 if this transmission is not received properly.		
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Comments: Please see attached letter with enclosure.

Thank you.

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Ryan, Swanson Cleveland, PLLC

Facsimile Cover Sheet

Date: September 9, 2005

Client/Mtr No.: 017225.00005

Number of pages (including this cover page): 22

Re: UnitedHeath Group, Inc. Acquisition of PacifiCare of Washington, Inc.

To:	Facsimile:	Telephone:
James T. Odiorne, Esq. Deputy Insurance Commissioner	360.586.2022	360.725.7214
From:		
Brian F. Kreger		
The original of this facsimile transmission will be: <input type="checkbox"/> retained on file <input checked="" type="checkbox"/> sent via Federal Express <input type="checkbox"/> sent to you via courier		
Please notify us immediately at 206.464.4224 if this transmission is not received properly.		
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Comments: Please see attached letter with enclosure.

Thank you.

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Whyte Hirschboeck Dudek S.C.

2005 SEP 14 PM 4:10

WISCONSIN COMMISSIONER
OF INSURANCE

Bruce G. Arnold
bamold@whdlaw.com
414-978-5501

September 14, 2005

Tim Vande Hey
Insurance Financial Examiner-Advanced
Bureau of Financial Analysis and Examinations
State of Wisconsin Office of the Commissioner of Insurance
125 South Webster Street
P.O. Box 7873
Madison, Wisconsin 53707-7873

Re: Acquisition of Control of American Medical Security Life Insurance Company
("AMSLIC") by UnitedHealth Group Incorporated (the "Applicant") (Case No.
05-C29696)

Dear Mr. Vande Hey:

On July 8, 2005, UnitedHealth Group Incorporated (the "Applicant") filed a Form A Statement Regarding Acquisition of Control of or Merger with a Domestic Insurer with the Office of the Commissioner of Insurance ("OCI") seeking prior approval for the acquisition of control of American Medical Security Life Insurance Company ("AMSLIC"). In connection with the review of the proposed transaction, OCI requested additional documents and information in your letter dated September 6, 2005. We are pleased to provide you with the following supplemental materials in response to your request. In addition, we are writing on behalf of the Applicant to advise OCI that certain limited documents and records submitted in response to your request will be marked and submitted as confidential.

Requests for Additional Documentation

1. *Please describe the process, time frame and deliberations that were undertaken by UnitedHealth Group Incorporated's management and boards of directors in arriving at the current plan to acquire PacifiCare Health Systems, Inc. Include any deliberations or discussions of plans or options considered that go beyond the immediate acquisition.*

A description of the process, time frame and deliberations that were undertaken by the Applicant's management and board of directors in arriving

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at the current plan to acquire PacifiCare Health Systems, Inc., as disclosed in the Registration Statement on Form S-4, filed with the Securities and Exchange Commission ("SEC") on August 11, 2005, is provided in Exhibit 1. On August 23, 2005, the SEC verbally informed the Applicant that they had "No Comment" to the filing.

2. *Please provide an analysis of the impact of the proposed transaction on the competitive environment in Wisconsin. This analysis is intended for use as an exhibit in the upcoming hearing and should be detailed enough to identify small business concentrations that may be impacted as a result of the acquisition. Please include a separate analysis of the effect of the acquisition on the small employer market, including a discussion of the small employer business in Wisconsin of all affiliates. Include in this analysis business written to Wisconsin small employers through associations, trusts or other vehicles, regardless of whether the premium is reported as Wisconsin business. Also include a description of the marketing plan for small employer business for all affiliates after the proposed acquisition.*

An analysis of the competitive impact of the proposed transaction will be provided in a supplemental filing with the OCI.

3. *Please describe material pending litigation in which the parties to the proposed acquisition are involved.*

A description of the material pending litigation in which the parties to the proposed acquisition are involved will be provided in a supplemental filing with the OCI.

4. *Please provide a copy of the Company Disclosure Letter of January 1, 2004 referenced in Section 2.03(e) of the Agreement and Plan of Merger.*

Section 2.03(e) of the Agreement and Plan of Merger references the Company Disclosure Letter, dated as of July 6, 2005 that was provided to the Department under separate cover on August 9, 2005. The particular representation given in 2.03(e) is given as of January 1, 2004, and subject to the exceptions set forth in Section 5.01(a)(ii) of the Company Disclosure Letter, dated as of July 6, 2005.

5. *Please provide a copy of the 2005 Equity Incentive Plan of PacifiCare Health Systems, Inc.*

Please find attached as Exhibit 5 a copy of the 2005 Equity Incentive Plan of PacifiCare Health Systems, Inc.

6. *Please send biographical affidavits for the following directors and officers:*

- a. *Richard H. Anderson*
- b. *Jeannine M. Rivet*
- c. *Reed V. Tuckson, M.D.*
- d. *L. Robert Dapper*
- e. *John S. Penshorn*
- f. *Robert J. Sheehy*
- g. *Lois Quam*
- h. *Anthony Welters*
- i. *Tracy L. Bahl*
- j. *William A. Munsell*

Please find attached as Exhibit 6 the biographical affidavits for the above referenced individuals (with the exception of Reed V. Tuckson, M.D. whose biographical affidavit will be provided in a supplemental filing with OCI). Please note that we are requesting confidential treatment of the supplemental information pages attached to the biographical affidavits.

7. *Describe the acquirer's plans to ensure sound, customer-friendly service transitions, the preservation of audit trails and maintenance of those records that the laws require to be maintained on a permanent basis. Include a description of the operating units, personnel and procedures that will be in place to address these topics. Who, following approval of the acquisition of control, would have ultimate responsibility to ensure that AMSLIC, and all persons under their supervision who will perform services for AMSLIC, would comply with all Wisconsin Statutes and regulations applicable to the company including, but not limited to, the requirements of ss. 601.42, 601.43, and 601.44, Wis. Stats., and s. Ins 6.80, Wis. Adm. Code?*

The Applicant is committed to managing the integration of the AMSLIC business operations with a keen focus on minimizing disruptions to its current stakeholders, including the policyholders of AMSLIC. The minimization of any interruption or deterioration in services is one of the key objectives underlying the Applicant's methodology for integration planning and execution. This methodology calls for the establishment of a dedicated integration team which will include functional experts representing each operational component of the combined businesses. Among other things, this team will focus on completing thorough assessments of each of the Applicant's and AMSLIC's respective operations, defining the business risks associated with each phase of the integration and developing strategies to minimize those risks. Prior to initiating any components of the integration, readiness assessments will be performed to ensure minimal service interruption, preservation of audit trails and maintenance of critical business records. As the integration progresses, key indicators will be established and monitored to ensure that acceptable service levels to the combined organization's policyholders and other stakeholders is maintained.

OCI requests that this individual affirm the following in a written affidavit:

- a. *the responsibility of the office with respect to ensuring compliance with all applicable Wisconsin Statutes and regulations including, but not limited to, the aforementioned statutes and regulation;*
- b. *the awareness that failure to comply with all applicable Wisconsin Statutes and regulations, including but not limited to, ss. 601.42 and 601.44, Wis. Stats., and s. Ins 6.80, Wis. Adm. Code, may result in forfeiture, and that failure to comply with s. 601.43, Wis. Stats., may result in rehabilitation or liquidation; and,*
- c. *the commitment to ensure compliance with all applicable Wisconsin Statutes and regulations including, but not limited to, the aforementioned statutes and regulation.*

The requested affidavit will be provided in a supplemental filing with the OCI.

8. *Please provide us a copy of the Hart-Scott-Rodino filing made with the Federal Trade Commission. Following receipt, please also provide a copy of the Federal Trade Commission's early termination notice or other form of*

response to UnitedHealth Group Incorporated's filing pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

A Hart-Scott-Rodino ("HSR") filing has not been made yet. At this time, the Department of Justice is reviewing the transaction with the parties' cooperation and the parties will let the state regulators know when the HSR forms have been filed. The Applicant will provide the Department with the HSR filing and a copy of the Federal Trade Commission's early termination or other form of response as soon as each is available.

9. *Please file a copy of the proxy statement and any other filings with the U.S. Securities and Exchange Commission in connection with the proposed Agreement and Plan of Merger, following receipt of notice of waiver of review or final approval.*

An electronic link of the Form S-4 Registration Statement filed with the Securities and Exchange Commission ("SEC") was provided to OCI on August 12, 2005. A hard copy of such filing is enclosed as Exhibit 9. The Applicant verbally received notice from the SEC that they had "No Comment" on August 23, 2005. A final version of the proxy statement will be printed as soon as a date for the PacifiCare Stockholder's Meeting is set. A final version of the proxy statement will be provided to the Department as soon as it is available.

The Holding Company System, its Governance, and Resources

10. *Please provide the following information with respect to UnitedHealth Group Incorporated and Point Acquisition LLC:*

- a. *Date of incorporation*

UnitedHealth Group Incorporated was incorporated on January 25, 1977. Point Acquisition LLC was formed on June 30, 2005 in Delaware with UnitedHealth Group Incorporated as the Single Member contributing \$1,000 in capital, pursuant to Article III of its Limited Liability Company Agreement.

- b. *Capitalization structure, including the number of shares authorized, and issued and outstanding for each class of common and preferred stock and debt issued.*

UnitedHealth Group Incorporated has 3,010,000,000 shares authorized, of which 3 billion are common and 10 million are preferred. As of the close of business on September 9, 2005, the Applicant had 1,264,607,200 shares issued and outstanding. UnitedHealth Group Incorporated has no preferred shares issued and outstanding. See the response to question 10.c for a detailed table of the Applicant's Senior Unsecured Notes outstanding.

The sole member of Point Acquisition LLC is UnitedHealth Group Incorporated. The limited liability company was capitalized with \$1,000 and there are no preferred interests.

- c. *Who holds the debt and what are the rates, maturity schedules, and covenants on that debt?*

Point Acquisition LLC is a newly formed limited liability company that was formed solely as an acquisition vehicle for the transaction. Point Acquisition LLC has no liabilities. All of the debt issued to finance the transaction will be debt of UnitedHealth Group Incorporated.

All of the Applicant's debt is held at the parent holding company, UnitedHealth Group Incorporated.

Senior Indenture

The following table details the Applicant's Senior Unsecured Notes profile (bond description, amount, interest rate, and maturity date) as of June 30, 2005. Interest is payable on a semi-annual basis and 100% of the principal amounts are due on the applicable maturity date. All dollars are in millions.

Bond Description ⁽¹⁾	Amount	Annual Maturities	Interest Rate	Issue Date	Maturity Date
7.50% Senior Unsecured Notes due 11/15/05	\$400		7.50%	11/13/2000	11/15/2005
2005 Total Maturities		\$400			
5.20% Senior Unsecured Notes due 1/17/ 07	\$400		5.20%	1/14/2002	1/17/2007
3.375% Senior Unsecured Notes due 8/15/07	\$550		3.38%	8/11/2004	8/15/2007
2007 Total Maturities		\$950			
3.30% Senior Unsecured Notes due 1/30/08	\$500		3.30%	11/25/2003	1/30/2008
2008 Total Maturities		\$500			
3.75% Senior Unsecured Notes due 2/10/09	\$250		3.75%	2/5/2004	2/10/2009
4.125% Senior Unsecured Notes due 8/15/09	\$450		4.13%	8/11/2004	8/15/2009
2009 Total Maturities		\$700			
4.875% Senior Unsecured Notes due 4/1/13	\$450		4.88%	3/20/2003	4/1/2013
2013 Total Maturities		\$450			
4.75% Senior Unsecured Notes due 2/10/14	\$250		4.75%	2/5/2004	2/10/2014
5.00% Senior Unsecured Notes due 8/15/14	\$500		5.00%	8/11/2004	8/15/2014
2014 Total Maturities		\$750			
4.875% Senior Unsecured Notes due 3/15/15	\$500		4.88%	3/2/2005	3/15/2015
2015 Total Maturities		\$500			
Total Senior Unsecured Notes		\$4,250			

- ⁽¹⁾ All of the Applicant's Senior Unsecured Notes described above are rated A by Standard and Poors, A2 by Moody's Investors Service, and A by FitchRatings. These Senior Unsecured Notes were issued under a senior indenture.

The Applicant's Senior Indenture contains certain customary affirmative and negative covenants, including, limitations on incurring certain liens, limitations on mergers, consolidations and sales of certain assets, and compliance with certain reporting requirements. The indenture does not contain any financial condition covenants.

See Exhibit 10.c for a detailed description of the Applicant's \$1.0 billion Five-Year Revolving Credit Facility which will be provided on a confidential basis only.

11. *Please file a Consent to Jurisdiction on Form E by UnitedHealth Group Incorporated and PacifiCare Health Systems, LLC.*

The requested Consent to Jurisdiction on Form E by UnitedHealth Group Incorporated and PacifiCare Health Systems, Inc. will be provided in a supplemental filing with the OCI.

12. *Under what circumstances would UnitedHealth Group Incorporated anticipate that it would elect to substitute a Delaware business corporation for the limited liability company in the proposed acquisition?*

The Applicant has determined that it will not elect to substitute a Delaware business corporation for the limited liability company.

13. *What is UnitedHealth Group Incorporated's view on what represents a proper level of capitalization for an insurance subsidiary? How will this view be implemented with respect to AMSLIC?*

The Applicant has a very disciplined approach relative to the management of regulated capital and dividends. It actively manages its NAIC RBC ratios at the regulated legal entity level to ensure that each regulated legal entity is appropriately capitalized relative to state (NAIC Company Action Level or other state requirement) guidelines at all times. In addition, the Applicant targets consolidated regulated capital levels to meet rating agency capitalization standards required to maintain its "A" debt and financial strength ratings. At December 31, 2004, the Applicant's aggregate statutory capital of \$4.1 billion was significantly greater than the aggregate minimum regulatory requirements.

AMSLIC will be added to the Applicant's quarterly capital review process following the closing of the merger. AMSLIC's capital will be closely monitored to ensure that it remains at a reasonable amount above its minimum NAIC Company Action Level requirement, generally targeting regulated capital of 300% of Authorized Control Level (150% Company Action Level), consistent with regulatory requirements.

14. *After the acquisition, will the form of AMSLIC's articles of incorporation and bylaws closely follow those currently in use by AMSLIC? If not, please file the forms of articles and bylaws that are anticipated after the change in control.*

The Applicant does not anticipate any changes to the form of AMSLIC's articles of incorporation or bylaws. If following the merger, the Applicant proposes to make any changes to the articles of incorporation or the bylaws of

AMSLIC, it will make any required filings with the Department consistent with Wisconsin insurance regulations.

15. *Please describe the current status of operational and systems integration for each acquisition by UnitedHealth Group Incorporated in the last five years.*

The Applicant has completed only three comparable acquisitions in the past five years that have involved a substantial degree of operational and systems integration. In November 2003, the Applicant acquired Golden Rule Financial Corporation; in February 2004, the Applicant acquired Mid Atlantic Medical Services, Inc.; and in July 2004, the Applicant acquired Oxford Health Plans, Inc. The status of completion of planned integration activities for each of these acquisitions is summarized below:

Integration Area	Golden Rule	MAMSI	Oxford
Communication/Branding	100%	75%	100%
Sales	100%	100%	100%
Product	100%	65%	100%
Pricing	100%	65%	100%
Network Operations	100%	85%	50%
Network Contracting	70%	65%	50%
Network Repricing	100%	100%	100%
Member Migration	N/A	In Planning	N/A
Clinical Operations	100%	50%	50%
Real Estate	In Planning	100%	75%
Finance	100%	85%	75%
Treasury	75%	100%	100%
Infrastructure	50%	100%	100%

Technology			
Application Technology	100%	25%	100%
Corporate Services	In Planning	100%	50%
Legal	100%	100%	100%
Human Capital	100%	100%	100%
Operations (Call/Claims)	100%	50%	N/A

The progress of these integration activities is consistent with both the preliminary guidance provided to regulatory agencies prior to the acquisition and the detailed post-merger integration planning conducted by the Applicant.

16. *For each of the acquisitions identified in question 15, please compare the pre-acquisition anticipated management and employment changes with actual results at this stage of the integrations. If results varied materially from expectations, please identify causes of deviations.*

For Golden Rule, the Applicant anticipated that management and employment levels would not materially change following the merger. After a 21-month period, the current Golden Rule staffing levels are consistent with the anticipated staffing levels. For MAMSI, the Applicant anticipated that management and employment levels would not materially change following the merger, but a small number of positions supporting MAMSI's public company functions would be eliminated. Current MAMSI staffing levels would be consistent with these anticipated levels, but for a recent reduction in force due to competitive market issues in certain of the states in which MAMSI operates that necessitated adoption of a lower cost structure. These employment level reductions are unrelated to the merger. For Oxford, the Applicant anticipated that management and employment levels would not materially change following the merger, but a small number of positions supporting Oxford's public company functions would be eliminated. After a 12-month period, the current staffing levels are consistent with the anticipated staffing levels.

17. *Please file a copy of the intended form of Tax Allocation Agreement referenced in the Form A.*

Please find attached as Exhibit 17 the form of Tax Allocation Agreement referenced in the Form A.

Financial Implications

18. *Please provide pro forma financials of UnitedHealth Group Incorporated immediately following the effective date of the proposed transaction, with and without the effects of goodwill arising from this proposed acquisition.*

In purchase accounting, the excess of purchase price over the fair value of the tangible and separately identifiable intangible assets acquired is recorded as goodwill on the opening balance sheet. GAAP requires that the balance sheet immediately following the effective date of the proposed transaction include all of the net assets acquired, including goodwill, on the balance sheet. See the Pro Forma Condensed Combined Balance Sheet with Purchase Accounting Adjustments included on a confidential basis as Exhibit 18 for additional details.

19. *On Tuesday, August 16, 2005, UnitedHealth Group Incorporated registered to sell up to \$4 billion of mixed securities to meet its working-capital requirements, to redeem or repurchase outstanding securities, refinance debt, finance acquisitions and for general corporate purposes. Please identify the cash flow needs of UnitedHealth Group Incorporated and its subsidiaries for the next three years for servicing current debt and future debt to be incurred as a result of this proposed acquisition and specifically how this acquisition impacts those cash flows.*

The Applicant has no immediate plans to issue securities under the S-3 registration statement. Please note that we are seeking confidential treatment of Exhibit 19, which contains additional details on the cash flow needs of the Applicant and its subsidiaries for the next three years for servicing current debt and future debt to be incurred as a result of this proposed acquisition and specifically how this acquisition impacts those cash flows.

20. *What time frame does UnitedHealth Group Incorporated anticipate will be needed to pay principal and interest on the debt that will be incurred to fund the purchase of PacifiCare Health systems, Inc.?*

The Applicant expects to fund the PacifiCare acquisition price through cash and cash equivalents held at the Applicant parent company level and the issuance of up to an additional \$2.1 billion in debt and \$6.1 billion in equity. In addition, the Applicant expects to retire PacifiCare's debt at closing through a combination of cash and cash equivalents held at the Applicant parent company level and the issuance of commercial paper. The Applicant's debt-to-total-capital ratio will be maintained at 30% or less as it finances a significant portion of the transaction consideration with the issuance of common stock. The debt issued by the Applicant will likely be a combination of commercial paper and long-term debt. Commercial paper will have maturities of 90 days or less and is expected to be repaid with additional commercial paper issuances or long-term debt. The maturities of the long-term debt, which will be selected by the Applicant, will be dependent on market conditions at the time of issuance and will likely range between 3 and 30 years. Again, actual maturity dates will be selected by the Applicant's management at the time of issuance and will be dependent on market conditions at that time.

21. *Following the merger, what effect would the acquisition of PacifiCare Health Systems, Inc. and UnitedHealth Group Incorporated's chosen method of debt financing for the transaction be anticipated to have on the factors determining its post-merger insurance subsidiaries' rate levels?*

The debt employed by the Applicant to finance a portion of the merger consideration will not impact the premium rates charged to the customers of the combined business. The Applicant continues to price its products to the expected future cost trends associated with each specific customer. If costs are expected to either increase or moderate, the Applicant's pricing follows suit. This approach helps balance affordability for its customers with appropriate financial management discipline for the Applicant. Price trends vary significantly from customer to customer depending on specific facts and circumstances, including product and benefit selection, local market dynamics, and case-specific experience. The Applicant does not anticipate that the proposed merger will have any impact on the Applicant's pricing practices.

22. *What assets, if any, are anticipated to be pledged to secure the debt that will be incurred to fund the purchase of PacifiCare Health Systems, Inc. or the debt that is anticipated to replace the bridge financing?*

All of the Applicant's short and long-term debt is held at the parent company level. The Applicant will not pledge its own securities or the securities of any of its insurance or HMO subsidiaries, nor will any such insurance or HMO subsidiary provide any guarantees, pledge any assets or issue debt or equity to repay any debt obligations of the Applicant.

23. *What is the anticipated impact of integration expenses upon AMSLIC following the proposed change in control?*

We do not anticipate that AMSLIC will be impacted by integration expenses following the completion of the merger.

24. *Is it anticipated that UnitedHealth Group Incorporated or its subsidiaries will contribute capital to AMSLIC during 2005 or thereafter?*

It is not anticipated that the Applicant will need to contribute capital to AMSLIC during 2005 or thereafter. However, the Applicant has a very disciplined and rigorous approach to monitoring regulatory capital. If needed, the Applicant would infuse capital to meet AMSLIC's NAIC RBC Company Action Level requirement.

25. *What is the anticipated effect of the merger of pension plans on the combined plans' funded status?*

A description of the anticipated effect of the merger on pension plans of the combined plans' funded status will be provided in a supplemental filing with the OCI.

26. *Please confirm that there will be no changes to any assets or liabilities on the statutory annual or quarterly statements of AMSLIC related to the acquisition by UnitedHealth Group Incorporated, and that there will be no goodwill or acquisition expenses related to the acquisition by UnitedHealth Group Incorporated pushed down into AMSLIC.*

We do not anticipate making purchase accounting adjustments to AMSLIC's assets or liabilities as a result of the merger. In addition, goodwill and acquisition related expenses will not be pushed down into AMSLIC upon completion of the merger.

27. *Please describe the financial terms of the pending acquisition of Neighborhood Health Partnership.*

In June 2005, the Applicant entered into a definitive agreement to purchase Neighborhood Health Partnership ("NHP") for \$175 million in cash. NHP is a privately owned health plan serving approximately 135,000 individuals primarily in South Florida. This merger will strengthen our market position and provide expanded distribution opportunities in this region for the Applicant's businesses. Completion of this transaction is subject to receipt of regulatory approvals and other customary conditions. This transaction is expected to close in the second half of 2005.

28. *What level of tangible net worth does the management of UnitedHealth Group Incorporated believe to be within the bounds of prudence for an organization of its size and membership?*

The Applicant manages its business to ensure that cash flow from operating activities is sufficient to meet the needs of its business, which include but are not limited to (1) ensuring all regulated entities are adequately capitalized to meet or exceed specific regulatory capital requirements while targeting consolidated regulated capital levels to meet rating agency capitalization standards required to maintain its "A" debt and financial strength ratings, (2) investing in the business in the form of new technology and product development, (3) acquiring businesses that (i) strengthen our presence in existing markets; and/or (ii) expand into new markets or add new platforms or products for future growth; and/or (iii) acquire new tools, technologies and capabilities, and (4) investing in shareholders' equity.

As you are aware, health care companies generate significant value to shareholder/owners via assets that cannot be separately reported under GAAP or SAP. The Applicant and other companies in the health care industry do not rely on tangible assets such as inventory and equipment to generate future cash flows; rather, they rely on brand recognition, contracts with customers, contracts with care providers and other assets. Under GAAP (SFAS 141 and APB 17), internally developed intangible assets such as trademarks / trade names, care provider networks and customer lists cannot be capitalized. As a result, the primary economic value driver of the managed care business model in terms of operating cash flow generation is not recorded as a separately identifiable tangible asset on the balance sheet.

Additionally, the Applicant acquired approximately \$880.0 million in intangible assets in the Oxford Health Plans, Inc. ("Oxford") and Mid Atlantic Medical Services, Inc. ("MAMSI") mergers in the form of customer contracts, care provider networks and trademarks / tradenames. These previously

acquired intangible assets have significant value in the form of positive future cash flows that are also excluded from the calculation of tangible net worth. The PacifiCare transaction is expected to add approximately \$6.4 billion in goodwill, \$11.5 billion in total assets, \$3.0 billion in debt and \$6.1 billion in shareholders' equity to the Applicant's consolidated balance sheet.

Goodwill, which represents the fair value in excess of net assets acquired, is supported by the future cash flows anticipated from the Applicant and its affiliates today and is expected to continue to be supported following the completion of the merger with PacifiCare. As of June 30, 2005, the Applicant and its subsidiaries have goodwill of approximately \$9.7 billion, or 34% of total assets, with a large majority of the goodwill carried on the books of non-regulated entities. The Applicant's strong cash flows continue to support the value of goodwill that was booked at the time of its acquisitions. In fact, as reported in the Applicant's annual SEC filings, the Applicant has experienced a significant increase in its annual cash flow from operations and earnings over the past five years, as set forth in the table below:

<u>Year Ended</u> <u>December 31,</u>	<u>Consolidated Cash Flows</u> <u>From</u> <u>Operating Activities</u>	<u>Earnings From</u> <u>Operations</u>
1999	\$1.19 billion	\$ 0.94 billion
2000	\$1.52 billion	\$ 1.20 billion
2001	\$1.84 billion	\$ 1.57 billion
2002	\$2.42 billion	\$ 2.19 billion
2003	\$3.00 billion	\$ 2.94 billion
2004	\$4.14 billion	\$ 4.10 billion

Further, the Applicant recently announced forecasted 2005 consolidated cash flow from operations of approximately \$4.7 billion and earnings from operations of approximately \$5.3 billion.

Since January 1, 1999, the Applicant has not reported any decreases to earnings or shareholders' equity attributable to impairment of goodwill or other intangible assets resulting from any acquisitions. Also, the Applicant does not currently foresee any future decreases in earnings or shareholders' equity attributable to any such impairment. Since the cash flows used in testing for such impairment are attributable to the asset being tested, the fact that the Applicant has not recorded any recent goodwill or other intangible asset impairments indicates that acquisitions have generated strong cash flows

after being successfully integrated into the Applicant's operations. Finally, although goodwill increased by \$7.6 billion on approximately \$9.7 billion in acquisitions since January 1999, the Applicant's consolidated cash flows from operating activities has increased from \$1.19 billion to \$4.14 billion, or nearly 250% over the same period. Moreover, the Applicant's market capitalization has increased from \$8.2 billion to \$65.0 billion, or nearly 700% since January 1999. Clearly, the Applicant's acquisition strategy has and will continue to enhance its ability to generate cash flows that more than support any goodwill the Applicant will carry on its balance sheet.

It should also be noted that the national rating agencies take the Applicant's historical and projected cash flows into consideration when assigning credit ratings to healthcare entities. The Applicant's current rating of A from Standard and Poors and A2 from Moody's Investors Service are not expected to be adversely impacted by the proposed acquisition of PacifiCare. Furthermore, the ratings of PacifiCare have been put on watch with positive implications for an upgrade as a direct result of the proposed acquisition by the Applicant.

29. *The Form A indicates that the UnitedHealth Group Incorporated has executed a commitment letter with J.P. Morgan Securities, Inc. and Citigroup Global Markets, Inc., to provide a \$3 billion loan facility to serve as backup liquidity. Please provide copies of such commitment letters.*

Please find attached as Exhibit 29, which is being provided on a confidential basis, the Commitment Letter by and among UnitedHealth Group Incorporated, J.P. Morgan Securities, Inc. and Citigroup Global Markets, Inc.

Status of Current Operations

When PacifiCare Health Systems, Inc. acquired AMSLIC a few months back, AMSLIC experienced substantial changes in its office operations. Since I do not have a recent examination report or other analysis that describes the current office operations, some questions need to be asked on the status of current operations, so that future plans can be understood.

30. *Which corporations within the present PacifiCare Health Systems, Inc. holding company system function as the direct employers of those who provide services to AMSLIC?*

Since the acquisition, AMSLIC's office operations have remained substantially the same. AMSLIC, a subsidiary of PacifiCare, is the direct employer of the AMSLIC employees. In addition, PacifiCare Health Plan Administrators, Inc. ("PHPA"), an affiliate of AMSLIC, currently provides management and administrative services to support the AMSLIC business operations pursuant to a Management and Administrative Services Agreement between PHPA and AMSLIC, a copy of which is on file with the Department.

31. *What are the number and location of employees that currently provide services to AMSLIC and its policyholders?*

AMSLIC's primary location is in Green Bay, Wisconsin and this facility houses approximately 1,230 employees. There is also one location in Brookfield, Wisconsin that is a one-person office. In addition, there are approximately 101 AMSLIC employees located throughout Arkansas, Arizona, Georgia, Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, Oklahoma, Pennsylvania, Tennessee, Texas, and Virginia. PHPA employees located in Cypress, California, provide certain management and administrative (eg., Finance/Actuarial, Regulatory, Human Resources, Marketing) support to AMSLIC employees pursuant to a Management and Administrative Services Agreement between AMSLIC and PHPA, and, as noted above, a copy of this agreement is on file with the Department.

Business Plan

32. *What is the target date for closing the proposed merger?*

The Applicant expects to close the acquisition of PacifiCare after receipt of all required regulatory approvals and approval of the PacifiCare shareholders. The Applicant currently expects that these approvals will be obtained on or before December 31, 2005.

33. *What is planned level of capitalization for AMSLIC following the change in control? What is the intended form of capitalization, that is, among common stock, preferred stock, surplus notes, gross paid-in and contributed surplus, and unassigned funds?*

AMSLIC's capital is expected to be maintained using a target legal entity capital level of 300% of Authorized Control Level, using the NAIC RBC

Capital Model. There are no current plans to change AMSLIC's statutory capital structure following the change in control.

34. *Which types of insurance programs and services will UnitedHealth Group Incorporated direct AMSLIC to prioritize for growth and development following the proposed change in control?*

At this time, it is difficult for the Applicant to describe conclusively which insurance programs and services it will direct AMSLIC to prioritize for growth, due to antitrust and other constraints on holding definitive discussions regarding future business plans. However, it is the Applicant's goal to continue its commitment to serve the health insurance needs of individuals and their families.

35. *Which types of insurance programs and services will UnitedHealth Group Incorporated direct AMSLIC to seek to reduce or terminate following the proposed change in control?*

The Applicant currently has no present plans or intentions to make changes to insurance programs or services offered by AMSLIC, as referenced in the Form A Application. However, it is difficult for the Applicant to make determinations regarding reductions or terminations of programs or services prior to finalization of the merger. The Applicant anticipates that AMSLIC will continue to monitor market conditions and seek to offer products and services that are attractive to the market it serves. Any changes to AMSLIC's insurance programs and services would be made only if such changes would be prudent and desirable for the Applicant's business, and only in accordance with applicable Wisconsin laws and regulations.

36. *Will UnitedHealth Group Incorporated direct AMSLIC to seek to reduce or terminate services in any region of this State in which it is currently active?*

As described in response 35, UnitedHealth Group Incorporated currently has no present plans or intentions to make changes to any services in any region of the State in which AMSLIC is currently active. However, it is too early at this juncture for UnitedHealth Group Incorporated to determine whether such changes will be advisable in the future. The Applicant would expect to make only such changes that it considers prudent and desirable for its business, subject to applicable law and regulations.

37. *Does management anticipate any changes in AMSLIC's marketing practices or distribution channels following the proposed merger? Will AMSLIC's distribution network be cross-licensed for agency on behalf of other present UnitedHealth Group members? Will UnitedHealth Group's distribution network be cross-licensed for agency on behalf of AMSLIC's agency network? Will the producer networks be more or less comprehensively integrated, or will they remain more or less distinct?*

As noted previously, it is difficult at this time for the Applicant to describe definitively any changes that may occur with respect to AMSLIC's marketing practices or distributions channels until the merger is completed, including any potential cross-licensing or integration with the Applicant's distribution channels. It is the Applicant's objective, however, to maintain any business processes that promote AMSLIC's success and future growth and present effective distribution opportunities for the unique market it serves.

38. *Does the approach of UnitedHealth Group Incorporated and PacifiCare Health Systems, Inc. with respect to coordinated care and disease management programs differ to any significant degree? If so, how will service in this respect differ after the merger?*

Both the Applicant and PacifiCare have significant programs to provide care and disease management services, and both utilize data assets and analytics to identify prospectively high risk individuals and provide appropriate care management services. While PacifiCare utilizes internal staff to provide case management services, and generally utilizes external vendors to organize and deliver a wide range of disease management services, the Applicant delivers Care Coordination and disease management services through its Optum and United Resource Networks business units, and generally relies less on outside vendors for delivery of such services. While no decisions have been made regarding integration of these programs, the Applicant's objective will be to leverage both PacifiCare's best practices and the Applicant's unique capabilities to enhance the quality of care for enrollees.

39. *Does the approach of UnitedHealth Group Incorporated and PacifiCare Health Systems, Inc. with respect to preventive and early detection programs differ in any significant degree? If so, how will service in this respect differ after the merger?*

Both the Applicant and PacifiCare have significant capabilities to ensure that enrollees receive preventive and early detection services. The Applicant

utilizes the services of its business units, including Optum, to provide these services, as well as outside vendor arrangements for programs such as the healthy pregnancy program. Both organizations utilize data assets and analytics to identify individuals most in need of preventive care and early detection services, and seek to reach those individuals with appropriate care. While no decisions have been made regarding potential integration of these programs, the Applicant's objective will be to leverage both PacifiCare's best practices and the Applicant's unique capabilities to enhance the quality of care for enrollees.

40. *At the present time, financial statement preparation is performed, and the primary location of the books and records is maintained, in Cypress, California. Is it anticipated that financial statement preparation for AMSLIC, or the primary location of its books and records, will be consolidated with that of its prospective UnitedHealth Group affiliates? If so, what is the anticipated time frame for that transition?*

The Applicant has no current plans to consolidate any AMSLIC business operations or functions as a result of the merger. Financial statement preparation and the primary location of AMSLIC's books and records is currently expected to remain in Cypress, California once the consolidation currently underway of AMSLIC's financial reporting with PHS's operations in Cypress, California is completed on or about January 1, 2006. Should any further consolidation of financial statement preparation or relocation of primary books and records be determined by the Applicant to be desirable or necessary following the merger, the Applicant will observe all applicable laws and regulations.

41. *Are there any functions that are expected to be consolidated with UnitedHealth Group Incorporated or its affiliates, such as tax preparation, investment management, pension, human resources, or any other key operational function?*

The Applicant has no current plans to consolidate any AMSLIC business operations or functions, nor any current plans to materially change its staffing levels as a result of the merger. The Applicant will continue to monitor the performance and business operations of AMSLIC, and will propose such future changes as may be appropriate based on future developments in accordance with Wisconsin laws and regulations.

42. *Does UnitedHealth Group Incorporated plan to direct AMSLIC to purchase or sell any books of business over the next twelve months?*

The Applicant does not anticipate any such activities at this time. The Applicant will observe all applicable Wisconsin laws and regulations should it propose the purchase or sale of any books of business by AMSLIC in the future.

43. *Does UnitedHealth Group Incorporated have any plans, within the foreseeable future, to enter into discussions or negotiations with other entities concerning the purchase, sale, merger, or affiliation of AMSLIC with such entities?*

The Applicant does not have any such plans. The Applicant will observe all applicable Wisconsin laws and regulations should it propose the purchase, sale, merger or affiliation of AMSLIC with any other entities.

44. *Is any reorganization of the succession of control or ownership of PacifiCare Health Systems, Inc.'s present subsidiaries contemplated following the proposed merger?*

The Applicant has no current plan to reorganize the control or ownership of PacifiCare's present subsidiaries following the merger. The Applicant will observe all applicable Wisconsin laws and regulations should it propose a reorganization involving the control or ownership of AMSLIC.

45. *Are the information technology platforms currently in place at UnitedHealth Group Incorporated and PacifiCare Health Systems, Inc. relatively compatible? How long is the integration of information technology platforms anticipated to take?*

The Applicant is not aware of any information technology platform issues that will exist upon completion of the merger. In connection with the proposed acquisition of PacifiCare by the Applicant, the Applicant intends to deploy a detailed, sophisticated strategy for managing the integration of the PacifiCare companies, including but not limited to AMSLIC. The Applicant has a general approach to post-merger integration planning in which the evaluation of multiple functional processes proceeds on parallel tracks. At this early stage in the PacifiCare transaction, due to antitrust and other constraints, the Applicant has only had general discussions regarding integration planning for the PacifiCare companies. Information technology platform integration,

which requires a clear and detailed understanding of business processes, will be analyzed through careful planning on a gradual basis over the course of the next two to three years.

46. *This Office has expressed reservations concerning AMSLIC's participation in the PacifiCare Group's royalty fee arrangement, but current ownership has represented that it intends to preserve use of the American Medical Security brand name. Please confirm and elaborate on UnitedHealth Group Incorporated's plans for the American Medical Security brand identity and the PacifiCare Group's royalty fee arrangement.*

It is the Applicant's current goal to maintain the use of the AMS brand identity. The Applicant has no current plan to subject AMSLIC to the PacifiCare royalty agreements.

Personnel

47. *In the Form A, UnitedHealth Group Incorporated indicated that it had no current plans or proposals to reduce in any material respect the number of employees employed by PacifiCare and its subsidiaries in the State of Wisconsin as a result of the Merger. Please identify any anticipated employment changes expected as a result of the acquisition related to either PacifiCare and its subsidiaries or the UnitedHealth Group.*

The Applicant does not expect any material changes in employment levels as a result of the merger.

48. *Will the existing employees of PacifiCare Health Systems, Inc., American Medical Security Group, Inc. and AMSLIC be transferred to become employees of one or more other companies in the holding company system? If so, which ones?*

Following the consummation of the merger, the Applicant currently expects that the Management and Administrative Services Agreement between PHPA and AMSLIC will remain in effect. However, since the PHPA employees are expected to become employees of United HealthCare Services, Inc., certain administrative responsibilities of PHPA under the agreement may be delegated to United HealthCare Services, Inc., the Applicant's subsidiary that provides various management and administrative services to affiliates throughout the Applicant's holding company system. The Applicant has no

current plans to transfer any AMSG or AMSLIC employees to any other entity in the holding company system.

49. *Has UnitedHealth Group Incorporated or any of its subsidiaries made or placed under development any side agreements, written plans, or assurances concerning staff retention, salaries and benefits, or severance packages applicable to the employees of PacifiCare Health System, Inc. and its subsidiaries?*

The requested information regarding employees of PacifiCare Health Systems, Inc. will be provided in a supplemental filing with the OCI.

Executive Compensation

50. *What specific circumstances trigger the executive change-in-control payments? Does the mere fact of a change in control trigger payments to executive officers or do the executive officers have to terminate their employment to receive compensation under the change-in-control provisions of their employment arrangements?*

No executive is entitled to a change in control payment simply as a result of the occurrence of the merger. As disclosed in the Summary of Senior Management Compensation Arrangements, which was provided to OCI on August 2, 2005 (the "Executive Compensation Summary"), 18 members of PacifiCare senior management have employment agreements with PacifiCare that could entitle the applicable executive to a change in control payment upon termination of employment. Under the terms of the employment agreement, the mere fact that a change in control occurs does not trigger the executive's right to receive the payment. In all cases, in order to receive the full change in control payment, the executive's employment must be terminated (either by PacifiCare without cause, or by the executive as a result of an adverse change in the executive's duties, reporting relationship or location) within 24 months of the closing of the acquisition. If the executive remains with the company for 12 months following the change of control, the executive will have a 30 day period in which the executive may terminate his or her employment for any reason and receive 50% of the change in control payment.

In addition to these 18 executives, PacifiCare's existing severance plan provides for enhanced severance for approximately 560 employees if the employee's employment is terminated within 12 months of the change in

control either by the company without cause or by the employee as a result a significant change in the employee's responsibilities or title.

Twenty-one PacifiCare executive have entered into new employment agreements that become effective as of the closing of the acquisition; the major terms of these agreements were disclosed in the Executive Compensation Summary. Payments made under these agreements are in consideration of future services with UnitedHealth Group Incorporated and UnitedHealth Group Incorporated does not consider such payments to constitute change in control payments.

51. *Please provide a brief description of each of the companies' equity option plans*

A description of each of the companies' equity options plans is provided in Exhibit 51.

52. *What is the effect of the merger on the incentive compensation plans for UnitedHealth Group Incorporated executive officers? Will the merger alone increase or tend to increase executive officers' awards to the maximum of their respective ranges? What does UnitedHealth Group Incorporated anticipate to be the likely incremental increase in the overall cost of the awards for executive officers under the incentive compensation plans as a result of the merger? In the opinion of UnitedHealth Group Incorporated's senior management, should the anticipated effect of the merger on the incentive compensation plans for participants other than executive officers be regarded as material?*

The merger has no effect on the incentive compensation plans for the Applicant's employees, including executive officers. Under the terms of the Applicant's incentive compensation plans, participants, including executive officers, are entitled to awards based upon the performance of the Applicant, the performance of the participant's business unit and the extent to which the participant meets his or her own performance objectives. Accordingly, the Applicant does not believe that the merger, by itself, will have any material impact on the overall costs of awards for participants in the Applicant's incentive compensation plans.

53. *How does UnitedHealth Group Incorporated expect to fund the executive change in control payments?*

Payment of executive change in control payments, if any, will be made in cash at the time of the executive's termination of employment. Compensation expense will be recorded if and when a change in control payment is made, which will be incurred on the books of PacifiCare Health Systems, LLC, a non-regulated company and no such amounts will be paid by or otherwise allocated to any regulated entity.

Regulatory Matters

54. *Please describe the allegations, the causes of the noted problems and the specific remedies both operational and to the policyholders related to the \$1,250,000 monetary penalty assessed against United Healthcare of TX by Texas in 2001?*

United HealthCare of Texas, Inc. and United HealthCare Insurance Company agreed to a corrective action plan and payment to the Texas Department of Insurance of \$1.25 million as a result of a prompt pay survey. The allegations were specific to the Texas prompt payment statutes. Interest payment automation was implemented in claims administrative systems beginning in February 2002. Restitution of outstanding claim interest/payment has been completed.

55. *Please describe the allegations, the causes of the noted problems and the specific remedies both operational and to the policyholders related to the \$100,000 monetary penalty assessed against Golden Rule Ins. Co. by Minnesota in 2002?*

Golden Rule Insurance Company was fined \$100,000 as the result of a multi-state market conduct examination that began in September 1999 and concluded in March 2001. Minnesota assessed a \$100,000 monetary penalty for violations related to marketing materials and forms, product offerings and claims. Golden Rule had already ceased marketing health insurance products in Minnesota around the time of the exam. All issues have been remedied with the state.

56. *Please describe the allegations, the causes of the noted problems and the specific remedies both operational and to the policyholders related to the \$200,000 monetary penalty assessed against Golden Rule Ins. Co. by Missouri in 2002?*

Golden Rule Insurance Company paid a penalty of \$200,000 to Missouri for issues related to facilitation of the examination during the multi-state market conduct examination mentioned in response 55 above. No penalties were assessed due to operations or policyholder issues.

57. *Please describe the allegations, the causes of the noted problems and the specific remedies both operational and to the policyholders related to the \$125,000 monetary penalty assessed against United Healthcare Ins. Co. by Maryland in 2003?*

In May 2003, United HealthCare Insurance Company (UHIC) and UnitedHealthcare of the Mid-Atlantic, Inc. (UHCMA) agreed to a corrective action plan and payment to the Maryland Insurance Department of \$125,000 (\$100,000 for UHIC and \$25,000 for UHCMA) for findings mostly related to Medical Director Certification, prompt payment/interest payment of claims, use of unapproved forms for Large Groups, and Small Group requirements. The Medical Director obtained the correct state certification. Prompt payment issues identified resulted due to the need for automation of interest payments within claims administrative systems. Interest payment enhancements were implemented beginning in February 2002. Sales and underwriting improvements were made in both large and small group processes. These issues have since been resolved through implementation of corrective action plans.

58. *Please describe the allegations, the causes of the noted problems and the specific remedies both operational and to the policyholders related to the \$62,500 monetary penalty assessed against United Healthcare Ins. Co. by Nebraska in 2004?*

United HealthCare Insurance Company ("UHIC") paid a fine of \$62,500 for three cases cited in a consent order. The allegation was related to payment of a mandated benefit for the cost of hospitalization and general anesthesia in connection with the receipt of dental care. UHIC made corrections to its systems and paid all claims associated with the system error. This issue has since been resolved with the Department.

59. *Please describe the allegations, the causes of the noted problems and the remedies both operational and to the policyholders related to the \$1,100,000 monetary penalty assessed against United HealthCare Insurance Company by North Carolina in 2004.*

In October 2004, UnitedHealthcare of North Carolina, Inc. and United HealthCare Insurance Company entered into a voluntary settlement agreement and paid a fine of \$1.1 million for each company to the North Carolina Department of Insurance. The Department alleged violations of prompt pay and unfair trade practices laws related to provider and consumer service. A corrective action plan to address provider and consumer service was submitted and the Department. Specific action items were targeted at the standardization of provider contracts for ease of administration and improvement in the control processes for administering the contracts. Service models for providers, consumers and the DOI were the focus of these plans. The Department is conducting ongoing monitoring of the Applicant's compliance with agreed upon benchmarks.

60. *Please describe the allegations, the causes of the noted problems and the remedies both operational and to the policyholders related to the \$1,100,000 monetary penalty assessed against UnitedHealthCare of North Carolina by North Carolina in 2004.*

See response to question # 59.

61. *In addition to the foregoing, please identify any other regulatory actions or forfeitures against the group.*

The Applicant's regulated health maintenance organizations and insurance companies are subject to regular market conduct examinations and other regulatory reviews in the normal course of business, and except as indicated herein and in Exhibit 61, have been in material compliance with applicable state laws and regulations. When issues are identified, the Applicant works with the appropriate regulatory agency to implement any necessary corrective actions. Consistent with the scope and materiality thresholds of recent request we have received under similar circumstances, Exhibit 61 includes regulatory fines and penalties which exceed \$100,000 for health insurance and health maintenance organization entities for the period they have been owned by the Applicant since January 2002.

62. *What is the status of the efforts of UnitedHealthcare of Wisconsin, Inc. (UHC of WI) and Midwest Security Life Insurance Company to comply with the Stipulations and Orders in the Matter of Case No. 04-C28995, Case No. 04-C28996 and Case No. 04-C28997, which were issued in connection with the acquisition of certain business of Touchpoint Health Plan, Inc. and Touchpoint Insurance Company, Inc.? What is the current status of the*

agreement between UHC of WI and Touchpoint related to the maintenance of systems, operations and staff for service to the policyholders? If the agreement between UHC of WI and Touchpoint has been modified, please provide a detailed description of the modifications. If the systems, operations and staffing for service to policyholders has been transferred to UHC of WI or an affiliate, please provide detailed information and descriptions of how the modification demonstrates that the transferred functions are efficiently and effectively performed.

UnitedHealthcare of Wisconsin, Inc. ("UHC of WI") and Midwest Security Life Insurance Company ("MSLIC") have complied with all requirements of the consent orders issued in connection with the Touchpoint transaction. Of the three orders listed, two relate to market conduct examinations, one for Touchpoint business and one for UHC of WI business, and one requires certain general procedural actions to be instituted by UHC of WI and MSLIC. Regarding the former, UHC of WI has implemented actions to address the market conduct examination items identified in the two market conduct orders. In addition, UHC of WI and MSLIC have complied with the terms of the third order, including designating a managerial person to be responsible for oversight of all Wisconsin compliance functions, hiring a compliance manager located in Wisconsin, and developing procedures to effectively manage complaints received from OCI. UHC of WI has made a number of improvements and has met routinely with OCI staff to review progress.

The Reinsurance and Administrative Services Agreement between UnitedHealthcare of Wisconsin, Inc. and Touchpoint continues in effect. Touchpoint continues to provide certain administrative services related to Touchpoint contracts and policies that are still in force and have not been replaced with UnitedHealthcare contracts or policies. Those Touchpoint contracts or policies with renewal dates after April 1, 2004 have been replaced with UnitedHealthcare contracts or policies. The coverage replacement process will be completed in November 2005. After this time, Touchpoint administrative services will continue for a further period to administer runoff claims and manage any remaining issues related to those contracts/policies.

63. *It is the OCI's understanding that UnitedHealth Group has been working with several states in an effort to address market conduct issues raised by various states in which the group operates. These market conduct problems often occurred as UnitedHealth Group acquired health plans in these states. Please describe the allegations, the causes of the noted problems, the proposed remedies both operational and to the policyholders, the current*

Tim Vande Hey
September 14, 2005
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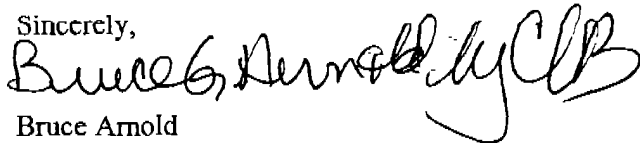
status of these remedies, as well as why the company believes the intended merger with PacifiCare will not adversely impact its ability to address these issues in an efficient and conscientious manner. In addition, please advise us of any pending market conduct examinations or regulatory actions regarding any companies within UnitedHealth Group.

The Applicant has not experienced, nor are we aware of, any specific concerns regarding operational issues attributable to recent acquisitions. Although unrelated to its acquisitions, the Applicant has developed a nationwide service enhancement program and is in the process of reviewing it with insurance department officials in states in which we have experienced a recent market conduct examination. This program embodies management's commitment to address any and all operational and compliance issues in a prompt manner, with a focus on provider and consumer service and corresponding oversight of operations to drive enhanced performance. The program highlights continuous areas of refinement and is designed to include development of key benchmarks against which performance is measured. Several programmatic actions have already been completed, such as the creation of a management oversight committee and enhancement of the DOI complaint response process. A number of additional enhancements are scheduled for completion into 2006. We expect these enhancements to address any questions or concerns raised by insurance departments in the states in which we operate.

Please see Exhibit 63, which is being provided on a confidential basis, for a list of pending market conduct examinations.

We look forward to meeting with you, Steve Junior and Roger Peterson at OCI's offices on September 20, 2005, at 2:00 p.m., to discuss the transaction. In the interim, please do not hesitate to give me a call with any questions or comments, or if we can provide any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Arnold", with a stylized flourish at the end.

Bruce Arnold

cc: Michael J. McDonnell, Esq., General Counsel, UnitedHealthcare, Inc.
Nancy Monk, Vice President, State Government Affairs, PacifiCare Health Systems, Inc.

Robert J. Sullivan, Esq., Skadden, Arps, Slate, Meagher & Flom LLP
Thomas A. Roberts, Esq., Weil, Gotshal & Manges LLP
Joseph T. Verdesca, Esq., Weil, Gotshal & Manges LLP
Kevin G. Fitzgerald, Esq., Foley & Lardner LLP
Steven J. Junior, Director, Bureau of Financial Analysis and Examinations, Office
of the Commissioner of Insurance